SOUTHERN AFRICA AGREEMENT (2nd-1st Edition)
FMC No. 012128-002

A Cooperative Working Agreement
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SIGNATURE PAGE
ARTICLE 1: NAME OF AGREEMENT

The name of this Agreement is the Southern Africa Agreement, hereinafter referred to as the “Agreement.”

ARTICLE 2: PURPOSE OF AGREEMENT

The purpose of this Agreement is to enable the Parties to provide efficient, dependable, durable, stable and competitive transportation service in the trade covered hereby, and for their mutual benefit and that of the shipping public, by means of the cooperative arrangements hereinafter established.

ARTICLE 3: PARTIES TO AGREEMENT

The Parties to this Agreement are:

Safmarine Container Lines N.V. (“Safmarine”)
Der Gerlachekaai 20, B-2000
Antwerp, Belgium

MSC Mediterranean Shipping Company S.A. (“MSC”)
12-14 Chemin Rieu 40 Av Eugene Pittard
12061608 Geneva, Switzerland

A.P. Moller Maersk A/S, trading under the name of Maersk Line (“Maersk Line”)
50, Esplanaden DK 1098
Copenhagen K, Denmark
ARTICLE 4: GEOGRAPHIC SCOPE OF AGREEMENT

This Agreement covers container cargo transported between ports on the United States Atlantic Coast (Eastport, ME to Key West, FL range) and ports in the Bahamas on the one hand, and ports in the Republic of South Africa on the other hand (all together, hereinafter, “the Trade”). It is understood the trade between the Bahamas and the Republic of South Africa is not subject to the U.S. Shipping Act of 1984.

ARTICLE 5: AGREEMENT AUTHORITY

5.1 (a) MSC shall provide and guarantee the availability of space for 850 TEUs or 8,500 metric tons, whichever is reached first (inclusive of 100 reefer plugs) to Maersk Line and Safmarine on each sailing of MSC’s Amex I service, in exchange for which Maersk Line and Safmarine shall provide and guarantee the availability of space for 850 TEUs or 8,500 metric tons, whichever is reached first (inclusive of 100 reefer plugs) to MSC on each sailing of their Amex II service.

(b) The Parties are authorized to discuss and agree on the introduction and sharing of up to three (3) additional vessels into the Trade, and the sharing of costs with respect to same. Initially, one (1) additional vessel shall be introduced and responsibility for the operation of same (including costs) shall alternate on an annual basis between Maersk Line/Safmarine on the one hand and MSC on the other hand. In the event this Agreement is terminated, the Parties are authorized to discuss and
agree on the payment of compensation for expenses in connection with any such additional vessel(s), the intent being that the cost of the additional vessel(s) should be shared equally among the Parties.

(c) No Party may sub-charter slots to any third party without the prior written consent of the other Parties. Any such third party must be a vessel operating carrier. Notwithstanding the foregoing, a Party may always sub-charter slots to its wholly-owned vessel operating affiliates or subsidiaries or such as may be further acquired by a Party from time to time. For the purposes of this clause, an affiliate shall mean,
in relation to a body corporate, any subsidiary or holding company thereof and any subsidiary of any such holding company or any entity which controls, is controlled by or is under the common control of such body corporate. Any wholly-owned affiliate or subsidiary of a Party that receives slots hereunder may not sub-charter such slots to another party without the prior written consent of the other Party Parties. In any event, a Party sub-chartering slots as permitted hereunder shall remain fully responsible and liable to the other Party Parties for the due performance and fulfillment of this Agreement by such sub-charterer. In the event any permitted sub-charter arrangement involving parties other than wholly-owned affiliates or subsidiaries is terminated, the sub-chartering Party shall offer slots freed by such termination and not required for its own use to the other Party Parties.

(d) In the event the Party providing the vessel fails to load containers of the other Party that are ready for shipment in all respects, and the other Party did not exceed its allocation on the vessel on which such containers were not loaded, then the Party failing to load the containers shall carry such containers within its own allocation on the next vessel, unless the Parties agree otherwise.

(e) Each Party shall ensure the correctness of its declared cargo weights, and the vessel-operating Party may conduct a cargo weight survey at its own expense at any port. If cargo is shut-out due to misdeclaration of weight, the Party tendering the cargo shall compensate the other Party for all damages, losses and/or fines arising therefrom.
5.2  (a) During the term of this Agreement each Party providing a vessel and the vessel(s) it provides shall comply with the requirements of the ISM and ISPS code. Upon request, a Party shall provide a copy of the relevant Document of Compliance and Safety Management Certificate to the other Parties.

(b) The Parties agree to deliver schedule reliability of a minimum 90%, as calculated by dividing the number of calls performed “on time” by the total number of proforma calls for the same period. A call is considered to be performed “on time” if arrival at berth is at or less than 12 hours after the proforma berth time. If actual arrival is earlier than proforma arrival, the call is considered “on time.” The call is not considered “on-time” if arrival at berth is more than 12 hours after proforma berth time, regardless of the reason for the delay. The call is not considered “on-time” if it is not performed (port is omitted). Inducement calls are included in the measurements, but always counted as “on-time.” Seasonal cancellations and holiday closures are not counted towards “on time” measurements if agreed prior to the start of the voyage (start of loading at the previous region). When the expected arrival time is adjusted from proforma prior to the start of the voyage due to pre-planned events such as avoiding terminal holiday closures, then the actual arrival is measured against the adjusted expected arrival time. In case of vessels phasing-out where the phase out plan would mean deviating from above criteria, then a phase out plan shall be
discussed and mutually agreed prior to the start of the phasing-out voyage. It is the responsibility of each Party to follow up on vessel performance on a daily basis. In case of any vessel being off schedule, the Party providing that vessel shall ensure efforts are being made to put the vessel back on schedule as soon as possible. The Parties will exchange schedule reliability statistics on a monthly basis and any Party performing below the agreed target of 90% will provide its detailed action plan of specific steps to be made to fully restore schedule reliability within 1 month. If a Party's performance is below target for 2 consecutive months, a formal meeting will be held to discuss actions required, including any structural changes to the proforma schedule. For Safmarine or Maersk Line vessels arriving within 24 hours of proforma in Freeport, MSC will inform the vessel operator of the reason for the delay should the port call be extended beyond 24 hours.

(c) In cases where a Party clearly demonstrates that the need to omit a port or ports to restore the schedule has been caused by a force majeure event within the geographic scope of this Agreement, then that Party retains the right to discharge and load the cargo at the nearest port of convenience, being insofar as reasonably possible a scheduled port within the scope of this Agreement, with any transshipment, storage and pre- and on-carriage cost for the account of the Party issuing the bill of lading for such cargo. The affected Party shall undertake to ensure proper and immediate notification and provide consultation as to efforts to minimize related costs.
(d) A Party shall not in any event be responsible to the other Parties for port omissions in the following circumstances:

(i) Berth congestion at the omitted port which was anticipated to incur a delay of 24 hours or more;

(ii) Closure of the port or incapacity to operate the vessel in the port due to bad weather or strikes of any terminal service providers or unavailability of terminal equipment anticipated to incur a delay of 24 hours or more: or

(iii) Save as modified by (ii) above, any lawful deviation such as saving or attempting to save life or property or force majeure as defined herein; or

(iv) Bad weather at sea with winds of Beaufort 6 and above for more than twenty four hours in any one leg, which can cause operational hindrance, provided that intended route for sea passage could not avoid such conditions and that the Party can supply supporting evidence such as, but not limited to, vessel log book and weather routing data. This provision shall be restricted to port omissions only; other damages including loss of or damage to cargo are outside the scope of this paragraph.

(e) Except where port omissions are excused in this Agreement, it is the responsibility of the Party omitting a port to arrange, at its expense, for the pre or on carriage (including by own vessels) and transhipment of the cargo and containers of the other Parties destined to or to be exported from the omitted port(s) of the rotation and the transhipment port. Additionally, in any such case, the omitting Party shall be liable to compensate the other Parties (either in cash or in slots) for unused allocation (import/export to/from such port) on the average performance of the other Parties over the last three liftings to/from the omitted port. The vessel-operating
Party shall have no other or further responsibility to compensate the other Party(ies) whatsoever. The compensation shall be by space on subsequent sailings or payment at the slot release price, or a combination of both, by agreement.

(f) Ad-hoc addition of port(s) of call may be implemented, at the discretion of the Party operating the vessel, if such call(s) does not affect the schedule integrity at each port. In such a case, the vessel-operating Party will be responsible for the additional costs and will have exclusive rights of discharge/load at the additional port(s) of call. The other Party(ies) may be invited to load/discharge at the additional port(s) of call after having accepted to share the additional costs of call including but not limited to port costs, fuel, deviation costs and schedule recovery costs caused by the inducement call in proportion to its/their share of containers loaded/discharged/restowed in that port. These extra costs should be communicated/agreed prior to the inducement call being agreed/ executed. In the event that one or more of the other Party(ies) loads/discharges/restows at an additional port and there is adverse effect on schedule integrity, the Party providing the vessel shall have the responsibility to ameliorate the adverse effect so far as possible and shall share the costs arising therefrom with the other Party(ies) in proportion to its/their respective responsibility for the adverse effect or, if responsibility cannot be easily or fairly determined, in proportion to the number of container moves at the additional ports. In case the vessel-operating Party has exclusive rights of
discharge/load at the additional port(s) of call, and the schedule integrity is affected, consequences on schedule integrity will not be imposed on the other Partyies.

(g) In connection with public holidays, including but not limited to Christmas and New Year, which would impact the port operation and thus the overall schedule of a vessel necessitating port omission(s), the Parties shall discuss and agree on a contingency plan prior to the commencement of any voyage impacted by such plan. The non-vessel-operating Partyies shall not be entitled to reduce any roundtrip allocation as a result of such planned port(s) cancellation. However, the vessel-operating Party shall accommodate request(s) from the other Partyies to transfer, at no additional cost, part of their allocation over adjacent sailings in order to mitigate effects of cancellations. In the event the vessel-operating Party cannot accommodate a requested transfer of allocation, the requesting Party’s allocation shall be reduced by the amount of the requested transfer. Outside of public holiday periods, should a particular sailing be forecasted to provide for overall insufficient cargo volume to justify actual performance of the sailing, then the vessel-operating Party shall provide reasonable prior notice to the other Partyies of the cancellation of such sailing. Compensation for cancelled sailing(s) shall either be in compensation of slots on adjacent sailing(s) or refund of fixed slots at an agreed price or a combination thereof.
5.3 Each Party shall negotiate separately with terminal operators for its individual terminal contracts, and shall be responsible for the stevedoring, cargo handling and terminal costs relating to its cargo and containers.

5.4 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, procedures for allocating space, forecasting, stowage planning, recording keeping, responsibility for loss or damage, the processing of claims, the terms of their respective bills of lading, liabilities, indemnification, and treatment of hazardous and dangerous cargo.

ARTICLE 6: ADMINISTRATION AND DELEGATION OF AUTHORITY

6.1 The Parties may implement this Agreement by decisions made or actions taken at meetings or by telephone, fax, e-mail, or exchange of other writings.

6.2 The following persons shall have authority to sign and file this Agreement and any accompanying materials, as well as any subsequent modifications to this Agreement which may be adopted by the Parties:

(a) Any authorized officer of each of the Parties;

(b) Legal counsel for any of the Parties.

ARTICLE 7: MEMBERSHIP, WITHDRAWAL, READMISSION AND EXPULSION

None.
ARTICLE 8: VOTING

All actions taken pursuant to this Agreement shall require unanimous agreement of the Parties.

ARTICLE 9: DURATION AND TERMINATION OF THE AGREEMENT

9.1 This Agreement shall be effective on the date it becomes effective pursuant to the Shipping Act of 1984, as amended.

9.2 This Agreement is valid for a minimum period of 12 months, and may be terminated by either Party on not less than 6 months prior written notice to the other Party; provided, however, that any such notice shall not be effective prior to 6 months after the effective date of the Agreement.

9.3 Notwithstanding Article 9.2, this Agreement may be terminated pursuant to the following provisions:

(i) Upon 30 days written notice if the port rotation or port coverage of the service provided by the other Party(ies) is changed in such a way that has a material adverse effect on the commercial benefits reasonably expected to be gained by the terminating party when it entered into this Agreement.

(ii) If, at any time during the term of this Agreement there shall be a change in ownership of a Party, and such change in ownership is likely to materially prejudice the cohesion or viability of the Agreement or the other Party(ies)'s commercial interest, then the other Party(ies) may, within 3 months of becoming aware of such change, give not less than 3 months notice in writing terminating this Agreement.
(iii) If, at any time during the term of this Agreement a Party (the “Affected Party”) is dissolved; becomes insolvent or fails to pay its debts as they become due; makes a general assignment, arrangement or composition with or for the benefit of its creditors; has a winding-up order made against it or enters into liquidation whether voluntarily or compulsorily; seeks or becomes the subject of the appointment of an administrator, receiver, trustee, custodian or other similar official for it or for all or substantially all of its assets or is affected by any event or similar act which under the applicable laws of the jurisdiction where it is constituted has analogous effect or takes any action in furtherance of any of the foregoing acts (other than for the purposes of a consolidation, reconstruction or amalgamation previously approved in writing by the other Parties), and such event or occurrence is or may be materially detrimental to this Agreement or to payment of sums that may be owed, other than those that may be disputed in good faith, and may not be paid in full or may be delayed in payment, then the other Parties may give written notice to the Affected Party terminating this Agreement with immediate effect. Such termination shall be without prejudice to any Party’s financial obligations to the other Parties as of the date of termination, and a non-defaulting Party retains the right to bring a claim against a defaulting Party for any loss and/or damage caused by or arising out of such default.

9.4 In the case of a material breach of this Agreement by any Party, then that Party shall attempt to correct that breach within thirty (30) days from the date of written notice specifying such breach or failure of performance sent by the other Parties. In the event that the breach is not resolved within 30 days thereafter, then the non-breaching Party shall have the right to terminate the Agreement effective thirty (30) days from the date notice of termination is given.

9.5 Any termination hereunder shall be without prejudice to any Party’s financial obligations to the other Parties as of the date of termination, and a non-defaulting Party retains the right to bring a claim against a defaulting Party for any loss and/or damage caused by or arising out of such default.
ARTICLE 10: CUSTOMS-TRADE PARTNERSHIP AGAINST TERRORISM (C-TPAT)

The parties shall be signatories to the Customs-Trade Partnerships against Terrorism (C-TPAT) or any successor program, and agree to develop and implement a verifiable, documented program to enhance security procedures through its portion of the supply chain process, as described in C-TPAT Agreement.

ARTICLE 11: COMPLIANCE WITH APPLICABLE LAWS

The Parties agree to comply with all applicable laws, rules, regulations, directives, or orders issued by any authorities having jurisdiction in relation to the service and this Agreement. Any consequence to this Agreement resulting from the non-compliance of a Party with mandatorily applicable laws including but not limited to U.S. federal and state laws and regulations will be borne in full by that Party. A Party in breach of such mandatorily applicable laws and regulations ("Breaching Party") shall indemnify and hold the other Parties harmless to the full extent of any loss, damage, cost, expense and liability, including reasonable attorney’s fees and court costs and direct loss of profits,
(a) for any failure of the Breaching Party to comply with such laws and regulations including but not limited to those of the United States including those applicable to exports,

(b) for any failure of the other Partyies to comply with laws and regulations based on the other Party's reliance on certifications provided by the Breaching Party under this Agreement, and

(c) for any false statements or material omissions by the Breaching Party with respect thereto, including without limitation export classification and country of origin of items procured by the other Party under this Agreement.

The Parties warrant that they are not identified on the U.S. Treasury Department's list of specially Designated Nationals and Blocked Persons (the SDN List) and that they will not undertake to transport goods and/or containers under this Agreement where they know or have reason to know that such goods and/or containers were or will be shipped by/tendered for shipment by/or consigned to persons on the SDN list. The Parties further warrant that goods and/or containers transported under this Agreement will not be transported on a vessel owned and/or operated by any party identified on this list. For sake of clarity this includes Islamic Republic of Iran Shipping Line (IRISL) and HDS Lines. This restriction also includes any vessel identified on said list or owned and/or operated by HDS Lines.
ARTICLE 12: FORCE MAJEURE

Notwithstanding anything else to the contrary in this Agreement whatsoever, unless specifically stated to override force majeure, where the performance of a Party in whole or in part is precluded or prevented by force majeure, meaning any events beyond the reasonable control of a Party such as, but not limited to war (whether declared or not), warlike or belligerent acts or operations, hostilities or the imminence thereof, act of public enemies, terrorism or terrorist acts, piracy, restraint of princes, rulers or people, or compliance with any mandatorily applicable law or governmental directive, boycott against flag, political ban, epidemic, port congestion, marine casualty, act of God, strikes, lockouts, labor disputes, stoppages or unrest (whether or not involving the employees of the affected Party), accidents, invasion, rebellion or sabotage, or any other events whatsoever beyond the reasonable control of the affected Party, the performance of this Agreement by the affected Party, to the extent of the force majeure event and no more, shall be suspended without penalty or liability on the part of the affected Party (in whole or in part as appropriate) until such time as the performance thereof is again practicable, without prejudice to any rights, liabilities and obligations accrued up to the date of suspension. The Parties shall cooperate to ameliorate the effect of any such force majeure events. Should the entire performance of this Agreement be suspended by reason of force majeure for a period exceeding six
(6) consecutive calendar months from the date of commencement of such suspension, the Agreement shall terminate. Upon the occurrence of an event of force majeure the Party seeking to rely upon it must forthwith give notice to the others specifying the nature of the force majeure event and its effect upon the performance of this Agreement. Any Party claiming an event of force majeure must take all commercially reasonable steps to minimize the consequences of such event on the performance of this Agreement.

ARTICLE 13: GOVERNING LAW AND ARBITRATION

13.1 This Agreement shall be governed by and construed in accordance with English law. Any dispute arising out of or in connection with this Agreement shall be referred to arbitration before the London Marine Arbitrators' Association in London which shall apply 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 13.

13.2 The arbitration shall be conducted in accordance with the London Maritime Arbitrators' Association ("LMAA") terms current at the time when arbitration proceedings are commenced. The reference shall be to three arbitrators. A Party or Parties wishing to refer a dispute to arbitration shall appoint its/their arbitrator and
send notice of such appointment in writing to the other Party(ies) requiring the other Party(ies) to appoint its/their arbitrator within fourteen (14) calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other Party(ies) appoints its/their arbitrator and give notice that it has they have done so within the 14 days specified. The two arbitrators so chosen shall appoint the third arbitrator by agreement between them. If the other Party(ies) does not appoint its/their own arbitrator and give notice that it has they have done so within the 14 days specified, the Party referring a dispute to arbitration may, without the requirement of any further notice to the other Party(ies), appoint its arbitrator as sole arbitrator and shall advise the other Party(ies) accordingly. The award of a sole arbitrator shall be binding on the Parties as if he has been appointed by Agreement. Nothing in this Article 13 shall prevent the Parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.

13.3 In cases where neither the claim nor the counterclaim exceeds the sum of US Dollars fifty thousand (USD50,000) or such other sum as the Parties may agree, the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced. Judgement upon the award rendered may be entered in any court having jurisdiction or application may be made to such court for a judicial acceptance of the award and an order of enforcement, as the case may be.
13.4 The Parties shall use every reasonable endeavour to resolve disputes between them in the shortest possible time consistent with the proper presentation to the expert or arbitration tribunal of their submissions and evidence. The Parties will in particular seek, in the absence of any reasonable excuse, to make such submissions and present such evidence within a period of thirty (30) days from the commencement of the proceedings. In the event of unreasonable delay by either Party, the expert or the arbitration tribunal shall be entitled to make an award even if that Party has failed to make or complete its submissions.

ARTICLE 14: NON-ASSIGNMENT

Except as permitted by Article 5.1(b) hereof, a Party shall not be entitled to assign or transfer its rights or obligations under this Agreement, unless with the other Party's consent. If in connection with a corporate restructuring, the Parties may assign this Agreement within their respective groups of companies without consent from the other Parties.

ARTICLE 15: NOTICES

Any correspondence or notices hereunder shall be made by courier service or registered mail, or in the event expeditious notice is required, by email confirmed by courier or registered mail, to the following addresses:
ARTICLE 16: SEVERANCE

Should any term or provision of this Agreement be held invalid, illegal or unenforceable, the remainder of this Agreement, and the application of such term or provision to person or circumstances other than those as to which it is invalid, illegal or unenforceable, shall not be affected thereby; and each term or provision of this Agreement shall be valid, legal and enforceable to the full extent permitted by law.
ARTICLE 17: NO AGENCY OR PARTNERSHIP

Nothing in this Agreement shall give rise to nor shall be construed as constituting a partnership for any purpose or extent. Nor shall, unless otherwise agreed, for the purpose of this Agreement and any matters or things done or not done under or in connection with this Agreement, any Party hereto be deemed the agent of another.