

# MEMORANDUM OF UNDERSTANDING

## Shipbuilding Project Strategic Partnership

**Document Reference:** MOU-SBC-2025-001

**Date:** August 4, 2025

**Location:** Sydney, New South Wales, Australia

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### PARTIES

#### **PARTY A ("Buyer"):**

Maritime Shipping Corporation

123 Harbor Drive

Sydney, NSW 2000, Australia

ABN: 12 345 678 901

Represented by: John Smith, Chief Executive Officer

#### **PARTY B ("Builder"):**

Pacific Shipyard Industries Pty Ltd

456 Shipyard Road

Newcastle, NSW 2300, Australia

ABN: 98 765 432 109

Represented by: Sarah Johnson, Managing Director

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### PREAMBLE

WHEREAS, Maritime Shipping Corporation is a leading Australian shipping company with extensive experience in dry bulk cargo operations in the Asia-Pacific region;

WHEREAS, Pacific Shipyard Industries Pty Ltd is an established shipbuilding company with proven expertise in constructing commercial vessels;

WHEREAS, both parties desire to establish a strategic partnership for the construction of modern, environmentally compliant bulk carrier vessels;

WHEREAS, the parties wish to formalize their understanding regarding the development of a long-term shipbuilding relationship;

NOW THEREFORE, the parties enter into this Memorandum of Understanding to establish the framework for their collaboration.

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# 1. PURPOSE AND OBJECTIVES

## Primary Purpose:

To establish a strategic partnership framework for the construction of up to **five (5) bulk carrier vessels** over a period of **seven (7) years**, commencing with the construction of one (1) vessel as detailed herein.

## Strategic Objectives:

a) **Technology Transfer:** Develop advanced shipbuilding capabilities through knowledge sharing b) **Cost Optimization:** Achieve economies of scale through multi-vessel program c) **Quality Enhancement:** Implement world-class quality standards and practices d) **Innovation Partnership:** Collaborate on next-generation vessel designs and technologies e) **Market Development:** Strengthen both parties' positions in the Australian maritime market

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# 2. VESSEL PROGRAM OVERVIEW

## Initial Vessel (Vessel #1):

- **Type:** Bulk Carrier, DNV GL classified
- **Deadweight:** Approximately 35,000 MT
- **Delivery:** Q4 2027
- **Contract Value:** AUD \$45,000,000 (estimated)

## Future Vessels (Program Overview):

- **Vessels #2-3:** Similar bulk carriers, delivery 2029-2030
- **Vessels #4-5:** Next-generation eco-friendly bulk carriers, delivery 2031-2032
- **Total Program Value:** AUD \$200-250 million (estimated)

## Design Evolution:

- Continuous improvement philosophy
  - Incorporation of latest environmental technologies
  - Enhanced automation and digitalization
  - Fuel efficiency optimization
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# 3. COLLABORATION FRAMEWORK

## Technical Cooperation:

#### a) **Joint Design Development:**

- Collaborative vessel design optimization
- Shared research and development initiatives
- Joint technology evaluation and selection
- Performance optimization studies

#### b) **Knowledge Transfer:**

- Builder training programs for Buyer's technical staff
- Buyer operational expertise sharing with Builder
- Joint participation in maritime technology conferences
- Exchange of technical personnel

#### c) **Quality Assurance:**

- Joint quality management system development
- Shared quality control procedures
- Continuous improvement methodologies
- Third-party quality audits


### **Commercial Cooperation:**

a) **Volume Discounts:** Progressive pricing improvements based on volume commitments b) **Financing Support:** Joint exploration of financing options and structures c) **Supply Chain:** Collaborative supplier development and management d) **Market Intelligence:** Shared market analysis and forecasting

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## **4. FIRST VESSEL DEVELOPMENT**

### **Technical Specifications:**

- **Length Overall:** 180.0 meters
- **Beam:** 30.0 meters
- **Depth:** 15.0 meters
- **Deadweight:** 35,000 MT
- **Service Speed:** 14.5 knots minimum
- **Classification:** DNV GL  1A1 Bulk Carrier BC-A E0
- **Flag State:** Australia

- **Environmental Compliance:** IMO Tier III, EEDI Phase 3

## Development Timeline:

- **Design Finalization:** October 2025
  - **Long Lead Items Ordering:** December 2025
  - **Contract Execution:** November 2025
  - **Steel Cutting:** March 2026
  - **Keel Laying:** August 2026
  - **Launch:** June 2027
  - **Sea Trials:** October 2027
  - **Delivery:** December 2027
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## 5. FINANCIAL FRAMEWORK

### First Vessel Financing:

- **Contract Price:** AUD \$45,000,000 ± 3%
- **Payment Security:** Bank guarantees as per industry standard
- **Currency:** Australian Dollars (primary)
- **Escalation:** Fixed price contract (no escalation)

### Program Volume Benefits:

- **2nd Vessel:** 2% discount from base price
- **3rd Vessel:** 3% discount from base price
- **4th-5th Vessels:** 5% discount from base price
- **Additional Benefits:** Shared development costs, reduced change order charges

### Investment Commitments:

- **Builder:** AUD \$2M investment in specialized equipment and facilities
  - **Buyer:** AUD \$500K investment in project management and oversight capabilities
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## 6. GOVERNANCE STRUCTURE

### Strategic Steering Committee:

#### Composition:

- 2 representatives from each party (CEO/MD level)
- Quarterly meetings (minimum)
- Annual strategic review

**Responsibilities:**

- Program oversight and strategic direction
- Resource allocation decisions
- Dispute escalation resolution
- Performance review and improvement initiatives

**Technical Working Group:**

**Composition:**

- Technical directors and senior engineers from both parties
- Monthly meetings during active projects
- Ad-hoc meetings as required

**Responsibilities:**

- Technical specification development
- Design review and approval
- Quality assurance oversight
- Technology evaluation and selection

**Commercial Committee:**

**Composition:**

- Commercial directors from both parties
- Bi-monthly meetings
- Special meetings for contract negotiations

**Responsibilities:**

- Commercial terms negotiation
- Pricing review and adjustment
- Contract administration
- Financial performance monitoring

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## 7. INTELLECTUAL PROPERTY

### Background IP:

Each party retains ownership of pre-existing intellectual property brought to the collaboration.

### Developed IP:

- **Joint Development:** Jointly owned by both parties
- **Specific Improvements:** Owned by developing party with non-exclusive license to partner
- **Vessel-Specific IP:** Owned by Buyer with Builder having construction rights

### Technology Sharing:

- Non-exclusive rights to use partner's technology for collaboration purposes
- Confidentiality obligations continue throughout partnership
- Third-party licensing requires mutual consent

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## 8. PERFORMANCE STANDARDS

### Quality Metrics:

- **First-Time Pass Rate:** >95% for major milestones
- **Defect Density:** <10 defects per 1000 inspection points
- **Classification Survey:** Zero major non-conformities
- **Customer Satisfaction:** >4.5/5.0 rating system

### Delivery Performance:

- **Schedule Adherence:**  $\pm 30$  days of contracted delivery date
- **Budget Performance:** Within  $\pm 2\%$  of agreed contract price
- **Performance Guarantees:** 100% achievement of speed/consumption targets

### Continuous Improvement:

- **Annual Improvement Targets:** 5% cost reduction, 10% delivery time improvement
  - **Innovation Metrics:** 2 new technologies implemented per vessel
  - **Sustainability Goals:** 15% reduction in construction environmental impact
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## 9. RISK MANAGEMENT

### Shared Risks:

- Market volatility and demand fluctuations
- Regulatory changes affecting vessel requirements
- Technology obsolescence
- Supply chain disruptions

### Risk Mitigation Strategies:

- **Insurance Coverage:** Comprehensive marine and construction insurance
- **Contractual Protection:** Force majeure and change order provisions
- **Financial Security:** Bank guarantees and performance bonds
- **Technical Risk:** Proven technology preference and prototype testing

### Contingency Planning:

- Alternative delivery schedules for market changes
  - Substitute technology options for regulatory changes
  - Backup supplier arrangements for supply chain issues
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## 10. DURATION AND RENEWAL

### Initial Term:

This MOU is effective for **seven (7) years** from the date of execution, covering the planned five-vessel program.

### Extension Options:

- Automatic one-year renewals unless terminated
- Major review and renegotiation every three years
- Option for additional vessel programs by mutual agreement

### Early Termination:

Either party may terminate with **180 days written notice** after completion of any vessel under construction.

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## 11. CONFIDENTIALITY AND NON-DISCLOSURE

### Confidential Information:

All technical, commercial, and strategic information exchanged under this MOU is confidential.

### Disclosure Restrictions:

- Information used solely for collaboration purposes
- Third-party disclosure prohibited without consent
- Return of materials upon termination

### Survival:

Confidentiality obligations survive termination for **five (5) years**.

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## 12. DISPUTE RESOLUTION

### Resolution Process:

1. **Direct Negotiation:** 30 days between designated representatives
2. **Senior Executive Mediation:** 30 days between CEOs/MDs
3. **Professional Mediation:** 60 days with independent mediator
4. **Arbitration:** ICC Rules, seated in Sydney, Australia

### Governing Law:

This MOU is governed by the laws of New South Wales, Australia.

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## 13. GENERAL PROVISIONS

### Legal Status:

This MOU creates binding obligations regarding confidentiality, exclusivity, and good faith cooperation, but does not create binding vessel purchase/construction obligations.

### Amendment:

Modifications require written agreement signed by both parties' authorized representatives.

### Counterparts:

This MOU may be executed in separate counterparts, including electronic signatures.

**Entire Agreement:**

This MOU supersedes all prior negotiations and understandings regarding the subject matter.

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**SIGNATURES**

**PARTY A - BUYER**

Maritime Shipping Corporation

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John Smith

Chief Executive Officer

Date: \_\_\_\_\_

Witness: \_\_\_\_\_

Name: \_\_\_\_\_

**PARTY B - BUILDER**

Pacific Shipyard Industries Pty Ltd

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Sarah Johnson

Managing Director

Date: \_\_\_\_\_

Witness: \_\_\_\_\_

Name: \_\_\_\_\_

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**CORPORATE SEALS**

Maritime Shipping Corporation: \_\_\_\_\_

Pacific Shipyard Industries Pty Ltd: \_\_\_\_\_

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**Document Authentication:**

Notary Public: \_\_\_\_\_

Date: \_\_\_\_\_

Commission Expires: \_\_\_\_\_

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**Document Control:**

Reference: MOU-SBC-2025-001

Pages: 1 of 6

Classification: Commercial in Confidence

Distribution: Board Members, Senior Management

Next Review: August 4, 2028