

# STANDARD FORM SHIPBUILDING CONTRACT SHIP25

[NAME]

as the BUILDER

and

[NAME]

as the BUYER

for

ONE [TYPE OF VESSEL]

BUILDER'S HULL NO: [●]

[DATE]

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THIS SHIPBUILDING CONTRACT (the “**Contract**”) is made on [date] between:

- (1) [●], a [private limited liability company] incorporated under the laws of [Country] with registered address at [●], and with business registration number [●], (the “**Builder**”); and
- (2) [●], a [private limited liability company] incorporated under the laws of [Country], with registered address at [●], and with business registration number [●], (the “**Buyer**”);

(together the “**Parties**” and each a “**Party**”).

## 1 DEFINITIONS AND INTERPRETATION

1.1 In this Contract the following definitions shall apply:

- (a) **ABC Laws:** shall have the meaning given to it in Clause 22.
- (b) **Banking Days:** days where banks are open for business in the country where the Buyer and the Builder's Yard have their principal offices and the country where the bank set out in Clause 3.5.2 is situated and the country (State of New York if USD) of the currency set out in Clause 3.4.
- (c) **Budget Price(s):** the price(s) stipulated in Clause 3.3.2.
- (d) **Budget Work(s):** the work(s) stipulated in Clause 3.3.2.
- (e) **Builder:** the company referred to as "Builder" in the preamble.
- (f) **Builder's Yard:** the shipyard of the Builder at [●].
- (g) **Buyer:** the company referred to as "Buyer" in the preamble.
- (h) **Buyer's Elected Supplies:** any supply of the Builder where the choice of Subcontractor and/or the design has been designated by the Buyer and where the Builder is unable to make alternative selections.
- (i) **Buyer's Representative:** shall have the meaning given to it in Clause 4.2.
- (j) **Buyer's Supplies:** any item, equipment, stores or services ordered directly by the Buyer from the manufacturer or supplier, which shall not be supplied and/or paid for by the Builder in accordance with the terms of the Contract.
- (k) **Change Order:** shall have the meaning given to it in Clause 5.1.1.
- (l) **Classification Society:** the classification society referred to in Clause 2.3.
- (m) **Contract:** this Standard Form Shipbuilding Contract with its Appendices including Specifications and Drawings, and any amendments thereto.
- (n) **Contract Delivery Date:** the date set out in Clause 7.1.1.
- (o) **Contract Price:** the Original Contract Price, as adjusted in accordance with the terms of the Contract.
- (p) **Cyber Security Incident:** an event that actually or potentially jeopardizes the confidentiality, integrity or availability of a Digital Environment or the information the Digital Environment processes, stores or transmits and which actually or potentially affects the Builder's obligations under this Contract or the Vessel.

- (q) **Date of Contract:** the date specified in the preamble to this Contract, regardless of whether it is signed on that date or signed with subjects or with conditions precedent or subsequent.
- (r) **Decent Working Conditions:** working conditions that safeguard Human Rights, health, safety, and environmental protection in the workplace.
- (s) **Defect:** shall have the meaning given to it in Clause 10.2.1.
- (t) **Delivery and Acceptance:** the physical and legal delivery of the Vessel from the Builder to, and its acceptance by, the Buyer.
- (u) **Delivery Date:** the Contract Delivery Date, as adjusted for any Permissible Delay.
- (v) **Delivery Defects:** shall have the meaning as set out in Clause 6.4.5.
- (w) **Digital Environment:** information technology systems, operational technology systems, networks, Internet-enabled applications or devices, used for the provision of the Builder's deliverables and/or services to the Buyer under the Contract, as well as the data contained within such systems.
- (x) **Drawings:** the plans and drawings listed in Appendix III hereto.
- (y) **Export Control Laws:** all applicable laws, regulations, and administrative measures governing the export, re-export, transfer, transit, or disclosure of goods, software, technology, or services, including licensing, classification, end-use and end-user controls, dual-use and military controls, that permit lawful export activity subject to authorisation or conditions.
- (z) **Flag State:** the state referred to in Clause 2.5.
- (aa) **Force Majeure Delay:** a delay caused by Force Majeure, which according to Clause 9 constitutes Permissible Delay.
- (bb) **Force Majeure Event:** any one or more of the events set out in Clause 9.1.
- (cc) **Guarantee Engineer:** shall have the meaning as set out in Clause 10.6.1.
- (dd) **Guarantee Expiry Date:** the date defined in Clause 3.5.6.
- (ee) **Guarantee Extension Date:** the date defined in Clause 3.5.6.
- (ff) **Guarantee Period:** a period of twelve (12) months from the earlier of the Delivery and Acceptance or the date the Builder rightfully tendered the Vessel for delivery in accordance with Clause 7.1.
- (gg) **HSE Laws:** shall have the meaning given to it in Clause 21.1.

- (hh) **Hull Yard:** the yard to which the Builder may subcontract the building of the hull and major sections of the Vessel, being one of the yards specified in the Maker's List.
- (ii) **Human Rights:** the internationally recognised human rights including economic and social rights, and inter alia the right to privacy, rights to be protected against child labour, discrimination, sexual harassment, and violence against women, forced labour, occupational health and safety (e.g., worker related injury and ill health), violations of the right of workers to establish or join a trade union and to bargain collectively, non-compliance with minimum wage and the use of hazardous chemicals, as established by *inter alia* the International Covenant on Economic, Social and Cultural Rights of 1966, the International Covenant on Civil and Political Rights of 1966 and the ILO's core conventions on fundamental principles and rights at work.
- (jj) **Interest:** the annual rate of Euribor 3 month + [●] percentage points (or pro rata for part of a year).
- (kk) **Maker's List:** a list of suppliers, agreed between the Parties and set out in Appendix IV, from which the Builder may select suppliers for deliveries or services.
- (ll) **Original Contract Price:** the price stipulated in Clause 3.1.
- (mm) **Permissible Delay:** all delays, inclusive of Force Majeure Delay, causing delay in delivery of the Vessel which permit postponement of the Delivery Date according to the terms of the Contract.
- (nn) **Rectification Period:** shall have the meaning given to it in Clause 24.4.
- (oo) **Reference Index:** if the Builder's Yard is in Norway, the producer price index – Industry (Norwegian: *Produsentprisindeksen – industri totalt*) published by Statistics Norway (SSB), and if the Builder's Yard is outside Norway, the producer price index published by the relevant government statistical agency of the country of the Builder's Yard.
- (pp) **Reference Index Threshold:** [●] %.
- (qq) **Refund Guarantee(s):** shall have the meaning given to it in Clause 3.5.5.
- (rr) **Regulatory Bodies:** the authorities imposing rules, regulations and requirements applicable to the construction and delivery of the Vessel, including the Flag State and any other authorities specified in the Specifications.
- (ss) **Repayment Period:** shall have the meaning given to it in Clause 24.7.
- (tt) **Representative:** shall have the meaning given to it in Clause 4.2.
- (uu) **Sanctioned Activity:** any activity of whatsoever nature which is prohibited by Sanctions.
- (vv) **Sanctioned Person(s):** any person, entity (whether incorporated or unincorporated), organisation, or vessel which has been designated with an asset freeze or equivalent

restriction, or any related person within the scope of such an asset freeze by virtue of ownership and/or control, within the sanctions lists maintained by any Sanctions Authority.

- (ww) **Sanctions:** applicable economic or financial sanctions laws, orders, ordinances, resolutions, decrees, restrictive measures or other requirements having the force of law and/or regulations, trade embargoes, prohibitions, restrictive measures, decisions or executive orders that are imposed, administered, enacted and/or enforced by a Sanctions Authority from time to time.
- (xx) **Sanctions Authority:** (i) the United Nations (including the Security Council), the European Union and European Economic Area and their Member States, Norway, the United Kingdom, the United States of America and/or (ii) any applicable authority with jurisdiction over the Parties or the Vessel.
- (yy) **Specifications:** the specifications set out in Appendix III hereto.
- (zz) **Standard Form Shipbuilding Contract:** this Standard Form Shipbuilding Contract, without its Appendices.
- (aaa) **Subcontractor:** any person or company, with whom the Builder has entered into a contract for the design, engineering, construction, manufacturing or supply of any item, equipment, work or service for the Vessel.
- (bbb) **Transparency Act:** the Norwegian Act Relating to Enterprises' Transparency and Work on Fundamental Rights and Decent Working Conditions, as may be amended, changed or updated from time to time.
- (ccc) **Vessel:** the vessel described in Clause 2.
- (ddd) **Working Day:** a day when work is customarily performed in the country of the Builder's Yard.

1.2 In case of conflict or inconsistency between the terms in this Standard Form Shipbuilding Contract and the terms of Appendix I or Appendix II, the terms of the respective Appendix shall prevail to the extent that the Parties have agreed that such Appendix applies. In case of conflict or inconsistency between the terms in this Standard Form Shipbuilding Contract and the remaining Appendices, the terms in this Standard Form Shipbuilding Contract shall prevail. In case of conflict or inconsistency between the remaining Appendices, they shall be given priority in the order they are listed. In case of conflict or inconsistency between the Specifications and the Drawings, the Specifications shall prevail. In case of conflict or inconsistency between any of the Drawings, the later in date shall prevail.

1.3 References in this Contract to rules, regulations or requirements of the Classification Society or Regulatory Bodies, or to changes therein, are to such rules, regulations or requirements as applied by the Classification Society or the relevant Regulatory Bodies from time to time.

## 2 THE VESSEL, DESCRIPTION AND CLASS

### 2.1 Design, Description and Standard

- 2.1.1 The Vessel shall be built at the Builder's Yard and shall for identification purposes have the Builder's Hull No. [●] and be designed, engineered, constructed, equipped, completed and delivered by the Builder in accordance with the provisions of the Contract.
- 2.1.2 The Vessel shall be designed, engineered and built in accordance with first class shipbuilding practice in Western Europe for new vessels of similar type and characteristics as the Vessel.
- 2.1.3 The Parties agree that Appendix I (Limitation of Liability for Design and Engineering) shall not apply to this Contract.<sup>1</sup>

### 2.2 Main Dimensions and Characteristics

- 2.2.1 The Vessel shall have the following main dimensions and characteristics:

- (a) **Dimensions:**  
 Overall length: [●]  
 Breadth moulded: [●]  
 Depth moulded to uppermost deck: [●]
- (b) **Cargo capacity:**  
 The Vessel's deadweight shall be [●] tons (of 1,000 kg each) on international summer freeboard, corresponding to a mean draft in saltwater (specific gravity 1.025) of [●]. The specified deadweight shall include fuel, provisions, stores, freshwater, crew and passengers in addition to spare parts in excess of the requirements of the Classification Society.
- (c) **Cubic capacity:**  
 The Vessel's cubic capacity shall be [●] cubic meter, and as otherwise set out in the Specifications.
- (d) **Propulsion machinery:**  
 Type: [●]  
 Max. continuous power [●] kW
- (e) **Speed:**  
 The Vessel's average speed on a sea trial undertaken in both directions over a measured distance, with clean hull, in calm weather, wind and sea not exceeding Beaufort 3 and 2 respectively and with draft [●] shall be at least [●] knots at [●] kW, corresponding to [●]% of maximum continuous power.

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<sup>1</sup> ALTERNATIVE to Clause 2.1.3: "The Parties agree that Appendix I (Limitation of Liability for Design and Engineering) shall apply to this Contract."

(f) **Fuel consumption:**

The fuel consumption shall be as set out in the datasheet from the main engine supplier.

- 2.2.2 The further details of the above main particulars, definitions and methods of measurements and calculations shall all be as described in the Specifications.

### 2.3 Classification, Rules and Regulations

- 2.3.1 The Vessel, including its machinery, equipment and outfitting, shall be designed, engineered and constructed in accordance with the rules, regulations and requirements of [●] (the “**Classification Society**”), with the following class notation: [●]. The Vessel shall further comply with the applicable rules, regulations and requirements of the Regulatory Bodies. All such rules, regulations and requirements shall be complied with without conditions or recommendations.

- 2.3.2 In case of conflict between the Specifications and the rules, regulations or requirements of the Classification Society and/or the Regulatory Bodies, the rules, regulations or requirements of the Classification Society and/or the Regulatory Bodies shall take precedence over the Specifications, while stricter requirements set out in the Specifications shall apply to the extent they do not conflict with or contradict such rules, regulations or requirements.

- 2.3.3 All fees and charges incidental to and in respect of compliance with the rules, regulations and requirements of the Classification Society or Regulatory Bodies referred to above shall be for the Builder’s account.

### 2.4 Subcontracting

- 2.4.1 The hull and the Vessel’s major sections shall be built, and partial outfitting shall be completed, either at the Builder’s Yard or at the Hull Yard.

- 2.4.2 Except as set out above or stipulated in the Specifications or the Maker’s List, the Builder may, without interference from the Buyer, freely choose its Subcontractors, but the Builder shall in ample time notify the Buyer in writing before placing major orders for equipment or services with Subcontractors, and shall give reasonable consideration to the Buyer’s requests (if any) in this respect.

- 2.4.3 The Builder shall remain fully responsible for the due performance of any subcontracted work as if performed by the Builder itself at the Builder’s Yard.

### 2.5 Certificates and Registration

- 2.5.1 The Builder shall provide, deliver and pay for all certificates necessary for the approval of the Vessel, together with all documents relating to the Builder’s responsibilities under the Contract and all documents reasonably required by the Buyer for the registration of the Vessel in [●] (the “**Flag State**”). The Vessel shall be registered by the Buyer in the Flag State at the Buyer’s cost and expense.

### 3 PRICE AND PAYMENT TERMS

#### 3.1 Original Contract Price

3.1.1 The Original Contract Price is [●] (ex VAT, if any).

#### 3.2 Price Adjustment

3.2.1 This Clause 3.2 shall only apply if a Reference Index Threshold has been inserted in Clause 1.1 (pp).

3.2.2 If the aggregate increase in the Reference Index starting on the Date of Contract and ending on the Delivery Date exceeds the Reference Index Threshold on an annualized basis, the Builder shall be entitled to an increase in the Contract Price equal to the aggregate increase in the Reference Index in excess of the Reference Index Threshold. Any increase in the Contract Price pursuant to this Clause 3.2.1 shall be payable on Delivery and Acceptance.

#### 3.3 Budget Price(s)

3.3.1 This Clause 3.3 shall only apply if Clause 3.3.2 has been completed.

3.3.2 The system(s) and/or component(s) listed below are to be chosen by the Buyer:

- (a) [Describe system or component]: [currency] [Budget Price], and to be decided by the Buyer no later than [date];
- (b) [Describe system or component]: [currency] [Budget Price], and to be decided by the Buyer no later than [date]; and
- (c) [Describe system or component]: [currency] [Budget Price], and to be decided by the Buyer no later than [date].

Each system and/or component listed above, together with any necessary work of the Builder and/or Subcontractor(s) and/or material(s) required to integrate the listed system(s) and/or component(s) into the Vessel, as well as testing, commissioning and documentation, shall be referred to as a "**Budget Work**".

3.3.3 The Budget Work shall be paid for by the Buyer at actual cost.

3.3.4 The budget prices stated for each Budget Work in Clause 3.3.2 are estimated costs and/or lump sum allowances made for such Budget Work as of the Date of Contract (each a "**Budget Price**") and are included in the Original Contract Price. The Budget Price for each Budget Work assumes similar payment terms to the relevant Subcontractors to those set out in Clause 3.5.1. If the Subcontractors require larger advances, the Builder may require payment of corresponding additional instalments. If advances required exceed [●] (if left blank 1.0%) of the Original Contract Price, the Buyer may, against payment of the guarantee cost, require a separate refund guarantee covering the relevant amount before payment is made and Clauses 3.5.5 and 3.5.6 shall apply mutatis mutandis.

- 3.3.5 Each Budget Price shall be adjusted to the actual price paid for the system(s), component(s) and/or material(s) and costs incurred by the Builder in respect of the Budget Work, plus a markup of [●] % on any increase compared to the original Budget Price set out in Clause 3.3.2. The Contract Price shall be adjusted accordingly.
- 3.3.6 Any increase shall be due and payable as a separate instalment by the Buyer twenty (20) days after receipt of the Builder's request for payment. In case of any reductions, these shall be deducted from the instalment on Delivery and Acceptance.
- 3.3.7 The Budget Work shall be deemed Buyer's Elected Supplies for the purposes of Clause 17.
- 3.3.8 If the Buyer fails to decide on any Budget Work within the deadlines specified in Clause 3.3.2 the Builder shall be entitled to:
- (a) claim compensation for any costs reasonably incurred as a result of the delay; and
  - (b) a corresponding Permissible Delay equal to the number of days by which the decision was delayed, unless the Buyer can demonstrate that the delay in the delivery of the Vessel actually caused thereby was shorter.
- 3.3.9 If the Buyer's choice of Budget Work constitutes a modification or change which the Builder deems will require changes to the Vessel, delayed delivery, changes in the Vessel's characteristics or other changes to the Contract, the Builder shall notify the Buyer thereof and Clause 5 shall apply.

### **3.4 Currency**

- 3.4.1 All payments by the Buyer to the Builder under the Contract shall be made in [currency].

### **3.5 Terms and Method of Payment**

- 3.5.1 The Original Contract Price shall be paid in the following instalments, subject to prior notices having been given under Clause 3.5.3:
- (a) 1st instalment: The sum of [●] of shall be paid three (3) Banking Days after the Date of the Contract.
  - (b) 2nd instalment: The sum of [●] shall be paid within [●] Banking Days after [●] (insert date or other milestone).
  - (c) 3rd instalment: The sum of [●] shall be paid within [●] Banking Days after [●] (insert date or other milestone).
  - (d) 4th instalment: The sum of [●] shall be paid within [●] Banking Days after [●] (insert date or other milestone).
  - (e) 5th instalment: The sum of [●] shall be paid within [●] Banking Days after [●] (insert date or other milestone).

- (f) Instalment on Delivery and Acceptance: The sum of [●] plus any increase or minus any decrease due to adjustments of the Contract Price hereunder, shall, subject to the other provisions of the Contract, be paid upon Delivery and Acceptance of the Vessel.
- 3.5.2 All instalments shall be remitted to [Bank], [Country], and to an account specified by the Builder.
- 3.5.3 The instalments specified above, unless payable on specific dates (in which case no notice shall be required), shall fall due fourteen (14) days from the Buyer's receipt of the Builder's request for payment, certifying that the relevant stage of construction of the Vessel has been completed (if applicable), and that the corresponding instalment has become due for payment. The request for payment of the instalment payable on Delivery and Acceptance shall include notice of any applicable adjustments in accordance with this Contract.
- 3.5.4 The Buyer shall on the Builder's request provide all information necessary to enable the Builder to reasonably satisfy itself before and throughout the period of construction that the Buyer has financial arrangements or funds available to pay the instalments when due. The Buyer shall inform the Builder of any material changes in the Buyer's financial arrangements or available funds. If the Buyer is unable to demonstrate to the Builder's reasonable satisfaction that the Buyer has the necessary financial arrangements or funds to pay the instalments when due, or there are material changes to the financial arrangements or available funds of the Buyer, the Builder shall be entitled to require that the Buyer provide a guarantee from a bank or other financial institution, or other security, in all cases reasonably satisfactory to the Builder.
- 3.5.5 The Buyer's obligation to pay the first and subsequent instalments, excluding the instalment payable on Delivery and Acceptance, shall be subject to the Builder providing the Buyer with refund guarantee(s) issued by a first-class international bank, or similar irrevocable and unconditional security, acceptable in form and substance to the Buyer and its banks or financiers to secure the Builder's obligation to refund such instalments if the Contract is lawfully terminated. The refund guarantee(s) shall be substantially in the form appearing as Appendix VI, each a "**Refund Guarantee**" and collectively, the "**Refund Guarantees**" (if applicable). If no Appendix VI has been agreed between the Parties at the Date of Contract, each Refund Guarantee shall:
- (a) be payable upon the Buyer's first written demand, which shall constitute conclusive evidence of the Buyer's entitlement to repayment, unless the guarantor is notified within a specified period that the Builder disputes the Buyer's entitlement to repayment and that the matter has been referred to arbitration in accordance with this Contract. In such case, the guarantor's obligation to pay shall be suspended pending final resolution of the dispute by arbitration award, court judgment, or written settlement;
  - (b) constitute an independent and primary obligation of the guarantor, not accessory to the obligations of the Builder under this Contract;
  - (c) cover the principal amount, without deduction, set-off or counterclaim;

- (d) be freely assignable and/or transferable to the Buyer's banks or financiers upon written notice to the Builder and the guarantor, and shall be without prejudice to any other rights or remedies available to the Buyer under this Contract; and
- (e) be governed by the law governing this Contract and subject to the exclusive jurisdiction of the courts having jurisdiction under that law, or, alternatively, be governed by English law and subject to the exclusive jurisdiction of the courts of England and Wales if agreed by the Parties.

- 3.5.6 If Delivery and Acceptance has not occurred, or it is likely that it will not occur, by the date falling sixty (60) days before the expiry date (if any) of the Refund Guarantee(s) (as extended from time to time, the "**Expiry Date**"), the Builder shall, without delay and no later than forty-five (45) days before the Expiry Date (the "**Extension Date**"), procure and deliver to the Buyer an extension of the Refund Guarantee(s) in form and substance acceptable to the Buyer and its banks or financiers. If the Builder does not comply with this obligation by the Extension Date, the Buyer shall be entitled to immediately terminate the Contract by notice in writing, including its right to call on the Refund Guarantee(s), in which case Clause 12.1 shall apply.
- 3.5.7 The Builder may retain the Vessel until full payment has been made in accordance with the Contract. If the Builder is unable to present a final account at delivery, the Buyer may require the Vessel to be delivered to it in return for a bank guarantee or other security, reasonably satisfactory to the Builder, for the balance reasonably estimated to be owed to the Builder. The cost of such guarantee is to be for the Builder's account.
- 3.5.8 In the event of any dispute concerning the instalment payable on Delivery and Acceptance, including any dispute as to the Buyer's right to offset any claims it may have, the Buyer may by paying the entire amount demanded by the Builder require the Builder to provide a bank guarantee or other security in favour of, and satisfactory to, the Buyer for the disputed amount. The Builder cannot in such case refuse to deliver the Vessel to the Buyer. If the Builder does not, for whatever reason, issue security for the disputed amount within five (5) Banking Days, the Buyer is entitled to take delivery of the Vessel against payment of the undisputed amount and the provision of a bank guarantee or other security reasonably satisfactory to the Builder for the disputed amount. Security issued by a Party pursuant to this Clause 3.5.8 shall automatically expire within three (3) months of the date of issue of the security, unless the other Party has commenced legal proceedings pursuant to Clause 25 before such expiry. The cost of security issued pursuant to this Clause 3.5.8 shall be shared proportionately between the Parties according to the final outcome of the dispute. The Buyer is entitled to Interest if it is later determined that the Buyer was not obliged to pay any of the paid amounts.
- 3.5.9 If, on or before Delivery and Acceptance of the Vessel, the Builder is declared bankrupt, or proposes or enters into a fund or a formal composition arrangement or moratorium or otherwise proves to be in such financial position that it is likely to be unable, during the Guarantee Period, to perform its guarantee obligations, the Buyer may demand that the Builder provide satisfactory security for the performance by the Builder of such guarantee obligations, limited to 1% of the Original Contract Price. If the Builder fails to provide such security, the Buyer shall be entitled to deposit the equivalent amount in an escrow account in the joint names of the Builder and the Buyer, and to deduct this amount from the instalment due on Delivery and Acceptance.

- 3.5.10 Failure by the Buyer to pay on time any part of the Contract Price shall entitle the Builder to charge Interest.

#### **4 APPROVAL OF SCHEDULES AND DRAWINGS AND INSPECTION DURING CONSTRUCTION**

##### **4.1 Approval of Schedules and Drawings**

- 4.1.1 As soon as possible after the Date of Contract the Builder shall send or make available for the Buyer a preliminary building schedule, including a preliminary schedule for testing. The preliminary schedules shall be issued by the Builder in writing not later than thirty (30) days after the Date of Contract. Detailed schedules shall be issued by the Builder in writing no later than six (6) months after the Date of Contract. The Buyer shall make its comment on the preliminary and detailed schedules as soon as possible and at the latest within ten (10) Working Days after receipt of or access to the schedules.
- 4.1.2 In accordance with the construction schedule of the Vessel and the provisions in the Specifications, the Builder shall ensure that the Buyer is granted electronic access (to the Drawings, and the Buyer shall confirm such access. The Buyer shall provide its approval or comments within fourteen (14) Working Days after being given access and notice regarding the relevant Drawing and/or other relevant document. Such comments shall be as complete as possible.
- 4.1.3 If the Buyer's comments on the Drawings are unclear to the Builder or insufficiently detailed, the Builder may by written notice request a clarification from the Buyer. Failure by the Buyer to respond to this notice within five (5) Working Days of receipt shall entitle the Builder to apply its own reasonable interpretation to such comments when implementing them.
- 4.1.4 If the Builder and the Buyer fail to agree whether such comments are of such a nature or extent as to constitute a modification or change under Clause 5, the Builder shall nevertheless proceed with the construction of the Vessel based on the Buyer's comments if so requested by the Buyer. If it is agreed by the Parties or established by arbitration as per Clause 25, that the comments, remarks or amendments constitute a modification or change pursuant to Clause 5, the Builder shall be entitled to an appropriate adjustment of the Contract Price, Delivery Date and/or the characteristics of the Vessel. Clause 5.1, shall then apply.
- 4.1.5 In the event that the Buyer fails to provide its comments or remarks within the time limit specified in Clause 4.1.2, the Builder shall, by a new written notice, notify the Buyer of a further three (3) Working Days' time limit to provide comments, failing which the Builder shall have the right to consider such Drawings as approved by the Buyer.
- 4.1.6 The Builder shall be entitled to rely on approvals of Drawings from the Buyer in constructing the Vessel, provided that the Buyer's approval or non-approval of Drawings shall not otherwise affect the Builder's obligation to deliver the Vessel in conformity with the Contract.
- 4.1.7 All communication with the Classification Society concerning the approval of the Vessel shall be between the Builder and the Classification Society. The Builder shall, upon the Buyer's

reasonable request, provide the Buyer with copies of correspondence between the Builder and the Classification Society related to specified issues concerning the Vessel, including the approval of Drawings. The Builder may comply with this obligation by providing the Buyer with access to relevant parts of any communication platform with the Classification Society.

## **4.2 Appointment of Buyer's Representative**

4.2.1 The Buyer may send to and maintain at the Builder's Yard and the Hull Yard (if relevant), at the Buyer's own cost, one or more representatives ("**Representatives**"). Unless otherwise advised by the Buyer in writing, each of the Representatives shall be authorized to approve tests and trials and to provide other necessary approvals on behalf of the Buyer. At least one of the Representatives shall at all times be duly authorised to act on the Buyer's behalf in all matters under the Contract, including to sign any Change Order (in accordance with Clause 5.1) on behalf of the Buyer (the "**Buyer's Representative**").

## **4.3 Inspection by Representatives**

4.3.1 The inspection of the Vessel shall be carried out by the Classification Society, the Regulatory Bodies and the Representatives throughout the entire period of construction, in order to verify that the Vessel is duly constructed in accordance with the Contract.

4.3.2 Whilst the Vessel is under construction and until Delivery and Acceptance, the Representatives shall during ordinary working hours be given free access to the Vessel and its accessories, and to any other place where work is being done, or materials are being processed or stored in connection with the construction of the Vessel, including the yards and workshops of the Builder and the Hull Yard, and the premises of the Subcontractors who are doing work or storing materials in connection with the Vessel's construction.

4.3.3 The Representatives shall, during the construction of the Vessel, have the right and obligation to attend all tests, trials and inspections undertaken in respect of the Vessel. The Builder shall give the Representatives reasonable advance notice of any such tests, trials and inspections to enable any of the Representatives to attend. Failure of a Representative to be present at such tests, trials and inspections after due notice as above shall be deemed a waiver of the Buyer's right to be present. A Representative shall be present at the Builder's Yard and any Hull Yard when required for necessary approvals to enable the Builder to continue the construction of the Vessel without delay. Failure by the Buyer to provide such approvals within a reasonable time limit set by the Builder shall entitle the Builder to make such decisions as it may consider appropriate to continue the construction process.

4.3.4 If the Representatives discover any design, engineering, construction, material or workmanship which in their opinion does not conform to the requirements of the Contract, the Representatives shall advise the Builder as soon as possible of such non-conformity. Unless the Builder agrees to rectify the matter, a written notice of the non-conformity (which may be included in minutes of meeting or similar) shall be given to the Builder. Failure by the Representatives to advise the Builder of non-conformities as aforesaid, shall entitle the Builder to Permissible Delay for any delay in delivery of the Vessel and any increased costs actually caused thereby.

- 4.3.5 Inspections carried out as described in this Clause shall not constitute any change in the Builder's obligations under the Contract.

#### **4.4 Facilities**

- 4.4.1 The Builder shall furnish the Representatives with adequate office space, satisfactorily equipped with reasonable facilities that accord with the Builder's practice at, or in the immediate vicinity of, the Builder's Yard and any Hull Yard as may be necessary to enable them to effectively carry out their duties.

#### **4.5 Representatives – Division of Liability**

- 4.5.1 The Representatives shall at all times be deemed to be the employees or servants of the Buyer and not of the Builder. The Builder shall be under no liability whatsoever to the Buyer or the Representatives, and the Buyer shall keep the Builder harmless from personal injuries, including death, suffered during the time when the Representatives are on the Vessel, or within the premises of either the Builder or its Subcontractors or are otherwise engaged in or about the construction of the Vessel, unless, such personal injuries, including death, were caused by gross negligence of the Builder, or any of its employees, agents or Subcontractors. The Builder shall not be under any liability whatsoever to the Buyer or the Representatives for damage to, or loss or destruction of property of the Representatives unless such damage, loss or destruction is caused by gross negligence of the Builder, any of its employees, agents or Subcontractors.

- 4.5.2 The Buyer and the Representatives shall be under no liability whatsoever to the Builder, the Builder's employees or Subcontractors, and the Builder shall keep the Buyer and the Representatives harmless from personal injuries, including death, unless such personal injuries, including death, were caused by gross negligence of the Representatives. The Buyer shall not be under any liability whatsoever to the Builder, the Builder's employees or Subcontractors for damage to, or loss or destruction of property of the Builder, its employees or Subcontractors unless such damage, loss or destruction were caused by gross negligence of the Representatives.

#### **4.6 Responsibility of the Buyer**

- 4.6.1 The Buyer undertakes that the Representatives shall carry out their duties hereunder in accordance with normal shipbuilding practice and in such a way as to avoid any unnecessary increase in building cost, delay in the construction of the Vessel or any disturbance to the construction schedule of the Builder.
- 4.6.2 The Builder has the right to request that the Buyer replace the Representatives deemed by the Builder to be unsuitable or unsatisfactory for the proper progress of the Vessel's construction. The Buyer shall investigate the situation by attending the Builder's Yard or any Hull Yard if necessary. If the Buyer considers that the Builder's request is justified, the Buyer shall effect a replacement of its Representatives as soon as convenient.

## 4.7 Monthly Reports

- 4.7.1 During the performance of this Contract, the Builder shall submit monthly reports to the Buyer, each monthly report to include the following:
- (a) Updated status of construction progress;
  - (b) Amended building schedule (if applicable);
  - (c) Status of the actual progress in the performance of the Contract compared to the building schedule, including percentages of major components that have been completed;
  - (d) List of agreed modifications or changes according to Clause 5;
  - (e) Photographs showing the progress of construction (if relevant); and
  - (f) Status of delivery of major Subcontractors' deliveries and services, and any major issues with Subcontractors.

## 5 MODIFICATIONS AND CHANGES

### 5.1 Modification of Specifications

- 5.1.1 The work to be performed by the Builder under the Contract may be modified or changed upon the Buyer's request provided that such modifications or changes will not adversely affect the Builder's other commitments, and that the Parties shall first agree any appropriate or necessary adjustments to the Contract Price, the Delivery Date and such other terms and conditions occasioned by or resulting from the proposed modification or change. Such agreement shall be effected either by signed change order forms, or by minutes of meetings or similar, or addenda to the Contract, in all cases signed by the Buyer's Representative and a duly authorised representative of the Builder (each a "**Change Order**"). The relevant Change Order shall then constitute the necessary amendments to the Contract. Any increase or decrease in the Contract Price to be agreed hereunder shall be calculated based on unit prices (inclusive of administration costs) or estimated prices, if available; failing which, the Builder's customary pricing for such work shall apply.
- 5.1.2 If modifications or changes are made without such prior written agreement as aforesaid, or if the Builder fails to notify the Buyer in writing without undue delay that there are modifications or changes which it deems to require an increase in the Contract Price, delayed delivery, changes in the Vessel's characteristics or other changes to the Contract, the Builder shall not be entitled to any such adjustment and the Contract shall remain unchanged.
- 5.1.3 Subject to the Builder giving prior written notice, the Builder shall be entitled to charge its standard hourly rates for reasonable engineering time spent in assessing modifications or changes proposed by the Buyer, regardless of whether such modifications or changes are ultimately agreed and implemented.

- 5.1.4 An advance payment of [●] (if left blank, 50%) of the price agreed in the Change Order pursuant to this Clause 5.1 exceeding [●] (if left blank, 0.25%) of the Original Contract Price shall be payable to the Builder twenty (20) days after receipt of the Builder's request for payment in respect of the Change Order. If the price agreed in the Change Order exceeds [●] (if left blank, 1.0%) of the Original Contract Price, the Buyer may, against payment of the guarantee cost, require a separate refund guarantee covering the relevant amount before payment is made and Clauses 3.5.5 and 3.5.6 shall apply mutatis mutandis.

## 5.2 Changes in Rules, Regulations and Requirements

- 5.2.1 If, after the Date of Contract, there are any changes in the rules, regulations or requirements of the Classification Society or the Regulatory Bodies, the following shall apply:

- (a) The Builder shall notify the Buyer of any such changes as soon as possible, and the Builder shall be obliged, except as otherwise agreed, to effect the required changes in accordance with the provisions set out below in this Clause, provided always that any changes in such rules, regulations or requirements which are published on or before the Date of Contract, and which apply mandatorily to the Vessel on or before the Contract Delivery Date shall not entitle the Builder to claim any adjustments of the Contract Price, Delivery Date or other terms of the Contract.
- (b) If such change is or will be mandatorily applicable to the Vessel, the Builder shall incorporate such alteration or change into the construction of the Vessel, unless otherwise instructed by the Buyer. The Parties shall endeavour to agree on such adjustments to the Contract as set out in Clause 5.1 above; failing which, the changes to the Contract shall be decided by arbitration in accordance with Clause 25.
- (c) The Buyer may apply for a formal waiver of compliance with any required change from the Classification Society or the Regulatory Bodies having the power to grant such waiver. In such case, the Buyer shall notify the Builder as soon as possible after receiving the decision of such body in relation to the application for waiver. The Builder shall provide the Buyer with reasonable assistance in the Buyer's application for a waiver if requested by the Buyer, and at Buyer's cost. If no waiver has been obtained and notified by the Buyer to the Builder within thirty (30) days after receipt by the Buyer of a notice of a required change, the Builder shall build the Vessel in accordance with the required change as set out above.
- (d) If such change is not or will not be mandatorily applicable to the Vessel but the Buyer nevertheless desires to incorporate such change, this shall be considered a change or modification, as provided for in Clause 5.1.

- 5.2.2 An advance payment of [●] (if left blank, 50%) of the price agreed in the Change Order pursuant to this Clause 5.2 exceeding [●] (if left blank, 0.25%) of the Original Contract Price shall be payable to the Builder twenty (20) days after receipt of the Builder's request for payment in respect of the Change Order.

### **5.3 Minor Modifications to the Specifications by the Builder**

- 5.3.1 The Builder is entitled to make minor modifications to the Specifications, if it deems it necessary to suit the Builder's local conditions or facilities, the availability of materials and equipment, the introduction of improvement methods or otherwise, provided that the Builder shall obtain the Buyer's prior approval, which shall not be unreasonably withheld or delayed.

### **5.4 Use and Substitution of Materials**

- 5.4.1 All materials incorporated in the Vessel shall, unless otherwise agreed, be new and unused and supplied in accordance with the Contract (including the Specifications and Maker's List).
- 5.4.2 If any of the materials required by the Specifications or the Maker's List cannot be procured in time or are in short supply, the Builder may, in order to maintain the Delivery Date and subject to the Buyer's approval (which shall not be unreasonably withheld or delayed), supply other materials capable of meeting the requirements of the Classification Society and/or the Regulatory Bodies. No extra charges shall be made to the Buyer and any savings shall be credited to the Buyer. The Contract shall otherwise remain unaltered.

## **6 TESTS AND SEA TRIAL(S)**

### **6.1 Notice**

- 6.1.1 The Builder shall provide not less than seven (7) days' prior written notice to the Buyer of the time and place for commencement of the sea trial(s) for the Vessel. The Buyer shall have its Representative on board the Vessel to witness the sea trial(s). Failure by the Representative to attend at the sea trial(s), despite notice to the Buyer as aforesaid, shall be deemed a waiver by the Buyer of its right to be present.
- 6.1.2 The Builder may, after due notice as aforesaid, conduct the sea trial(s) without the Representative being present, subject to a representative of the Classification Society being present, in which case the Buyer shall be obliged to accept the results of the sea trial(s) on the basis of a certificate of the Builder confirmed by the Classification Society, stating the results of the sea trial(s).
- 6.1.3 In due time before the sea trial(s), the Builder shall provide the Buyer with all relevant test procedures for review and comments, and the Builder shall take into account any feedback provided by the Buyer.
- 6.1.4 For other major tests and trials, other than the sea trial(s), related to the Builder's construction works, if these are to be performed at the Builder's Yard, the Builder shall give the Buyer not less than twenty-four (24) hours' prior written notice.
- 6.1.5 For other major tests and trials to be performed outside the Builder's Yard, the Builder shall give the Buyer not less than seven (7) days' prior written notice.

- 6.1.6 The Buyer shall have its Representative present to witness tests and trials in due time. Failure by the Representatives to attend such tests and trials despite due notice from the Builder as aforesaid, shall be deemed a waiver by the Buyer of its right to be present.

## **6.2 Weather Conditions**

- 6.2.1 The sea trial(s) shall be carried out under weather conditions as set out in the Specifications. If the Specifications do not set out any weather conditions, the sea trial(s) shall be carried out under favourable weather conditions. Any delay in delivery caused by delay of the sea trial(s) due to unfavourable weather conditions shall be considered Permissible Delay.

## **6.3 How Conducted**

- 6.3.1 The sea trial(s) shall be carried out in the presence of representatives from the Classification Society and/or the Regulatory Bodies, conducted in the manner described in the Specifications, and be sufficient in scope and duration to enable all parties to verify that all elements of the Vessel are functioning in accordance with the Contract.
- 6.3.2 All expenses in connection with the sea trial(s) shall be for the Builder's account, including (without limitation) all necessary crew.

## **6.4 Method of Acceptance or Rejection**

- 6.4.1 Upon completion of the sea trial(s) and when the trial results are available, and if the Builder considers that the results demonstrate that the Vessel conforms with the Contract, the Builder shall give the Buyer a written notice of completion stating when the Vessel will be ready for delivery, and provide the Buyer with the full report of the sea trial(s). The Buyer shall within forty-eight (48) hours after receipt of such notice and the test results, notify the Builder in writing of its acceptance or rejection of the Vessel.
- 6.4.2 If the results of the sea trial demonstrate that any part of the Vessel does not conform to the requirements of the Contract, or if the Buyer for other valid reasons rejects the Vessel, the Builder shall take all necessary steps to rectify such non-conformity. If necessary, the Builder shall for its own account carry out such further relevant sea trial(s) in accordance with Clause 6 to ascertain that the Vessel conforms to the requirements of the Contract. Upon the Builder demonstrating that the non-conformity has been rectified, a (new) notice of completion stating when the Vessel will be ready for delivery along with the report of any new sea trial(s), shall be given to the Buyer. The Buyer shall within forty-eight (48) hours after receipt notify the Builder of its acceptance or rejection of the Vessel.
- 6.4.3 If the Buyer for any reason rejects the Vessel, the Buyer shall in its notice of rejection give its reason therefore in such detail as can be reasonably required.
- 6.4.4 Acceptance of the Vessel as provided above shall be final and binding, and shall preclude the Buyer from refusing formal delivery on the basis of any alleged non-conformity in any parts of the Vessel tested during the sea trial(s), provided all other procedural and legal requirements for delivery have been met.

- 6.4.5 The Buyer shall not be obliged to take delivery of the Vessel if it is not fully in conformity with the Contract, or there are any conditions or recommendations imposed by the Classification Society and/or the Regulatory Bodies. If the deficiencies, conditions, or recommendations are of minor importance (*i.e.* do not impair the safe and efficient operation of the Vessel) (the “**Delivery Defects**”) and the Builder is unable to rectify the Delivery Defects within a reasonable time, the Builder may nevertheless require the Buyer to take delivery of the Vessel, provided that:
- (a) the Builder undertakes for its own account to remedy the Delivery Defects as soon as possible, in which case the Builder shall indemnify the Buyer for any losses incurred as a consequence of the Delivery Defects, including any loss of time, provided that the Buyer shall make the Vessel available for the Builder to remedy the Delivery Defects within the Guarantee Period and with as little loss of time as possible; or
  - (b) at the Builder’s choice (except in case of conditions from the Classification Society and/or Regulatory Bodies), a reasonable price reduction is granted to the Buyer for the Delivery Defects, in which case the Builder shall have no further obligation to rectify the Delivery Defects.
- 6.4.6 Delivery of the Vessel with Delivery Defects shall in no way diminish or reduce the Builder’s other obligations under this Contract.
- 6.4.7 Any disputes under Clause 6.4.5 shall be submitted for final decision by arbitration in accordance with Clause 25.

## **6.5 Disposition of Surplus Consumable Stores**

- 6.5.1 Any fuel oil, unused lubricating oil, grease, fresh water or other consumable stores furnished by the Builder for the sea trial(s) and remaining on board the Vessel at the time of delivery shall be purchased by the Buyer from the Builder on Delivery and Acceptance at the original net purchase price thereof, subject to the Builder providing supporting invoices.

## **7 DELIVERY DATE AND DELIVERY**

### **7.1 Time and Place**

- 7.1.1 The Vessel shall be delivered by the Builder and accepted by the Buyer at the Builder’s Yard or in the vicinity thereof on the date falling [●] months after payment of the 1st instalment pursuant to Clause 3.5.1, (the “**Contract Delivery Date**”).
- 7.1.2 In the event of net delays in the construction of the Vessel or any performance required under the Contract due to Permissible Delay, the Delivery Date shall be postponed accordingly.
- 7.1.3 Unless otherwise agreed, the Vessel shall not be delivered earlier than two (2) weeks before the Delivery Date.

- 7.1.4 The Vessel shall be delivered free and clear of all liens, claims, mortgages and other encumbrances of any kind in a clean and seaworthy condition, ready for service.

## 7.2 When and How Effected

- 7.2.1 Delivery of the Vessel shall take place at the time and place notified by the Builder pursuant to Clause 6.4.1 or 6.4.2 against payment of the instalment due on Delivery and Acceptance. The Parties shall execute a protocol confirming the Delivery and Acceptance.

## 7.3 Documents to be Delivered to the Buyer

- 7.3.1 As part of Delivery and Acceptance, the Builder shall provide and deliver to the Buyer, at the Builder's expense, the following documents, which shall accompany the protocol of Delivery and Acceptance and be provided in electronic form only unless otherwise specified:

- (a) **Protocol of trials** made pursuant to the Specifications.
- (b) **Protocol of surplus consumable stores** referred to under Clause 6.5 which are payable by the Buyer to the Builder.
- (c) **Protocol of inventory and equipment.**
- (d) **Drawings** pertaining to the Vessel (including "as built" documentation in PDF or similar format), together with all necessary instruction manuals, as set out in Appendix III.
- (e) **All certificates**, including the Builder's Certificate (in original), required to be furnished upon Delivery and Acceptance of the Vessel pursuant to the Contract and the Specifications. If, through no fault on the part of the Builder, the Classification Certificate and/or other required certificates are not available at the time of delivery, provisional certificates shall be accepted by the Buyer, provided that the Builder at its expense shall furnish the Buyer with final certificates as promptly as possible. If final certificates are not provided or obtained within a reasonable time, the Builder shall compensate the Buyer for any damages, losses and extra expenses caused thereby.
- (f) **Declaration of warranty** by the Builder that the Vessel is free and clear of any liens, claims, charges, mortgages and other encumbrances of any kind, and in particular that the Vessel is free of all burdens in the nature of imposts, taxes and/or charges imposed by the country of the port of delivery, as well as of all liabilities of the Builder to its Hull Yard, Subcontractors and employees, and of all liabilities arising from the operation of the Vessel in the sea trial or otherwise before delivery.
- (g) **Commercial invoices** for the Vessel and consumables.
- (h) **Bill of sale** (in original) or other relevant document that certifies that the title of the Vessel passes to the Buyer.

- (i) All such other documents as the Buyer may reasonably request relating to the construction and delivery of the Vessel in connection with the registration of the Vessel with the Flag State.

#### **7.4 Title and Risk**

- 7.4.1 Title to and risk of loss of or damage to the Vessel shall pass to the Buyer upon Delivery and Acceptance.

#### **7.5 Removal of Vessel**

- 7.5.1 The Buyer shall take possession of the Vessel immediately upon Delivery and Acceptance, and shall remove the Vessel from the Builder's premises within three (3) days thereof. If the Buyer does not remove the Vessel within the said period, the Buyer shall thereafter pay to the Builder reasonable mooring charges for the Vessel.

### **8 ADJUSTMENT OF CONTRACT PRICE – TERMINATION BY THE BUYER**

#### **8.1 Liquidated Damages**

- 8.1.1 The Contract Price shall be adjusted as follows in any of the events set out in this Clause 8. It is acknowledged by the Parties that any reduction in the Contract Price pursuant to this Clause is by way of liquidated damages and not by way of penalty and represents a genuine and reasonable pre-estimate of the loss likely to be suffered by the Buyer as a result of the relevant event. The Builder shall not be liable for any other damages or consequences in respect of the matters set forth in this Clause 8, except for the Buyer's rights to terminate in accordance with the provisions of the Contract.

#### **8.2 Late Delivery**

- 8.2.1 If the delivery of the Vessel is delayed beyond the Delivery Date, the Contract Price shall be reduced by deducting therefrom as follows:

1 <sup>st</sup> - 60 <sup>th</sup> day	no reduction (grace period)
61 <sup>st</sup> - 90 <sup>th</sup> day	[●] per day
91 <sup>st</sup> - 180 <sup>th</sup> day	[●] per day

The maximum reduction in the Contract Price for delayed delivery shall not exceed the total of the above liquidated damages for one hundred and eighty (180) days of delay.

- 8.2.2 If the delay in the delivery of the Vessel continues for a period in excess of one hundred and eighty (180) days after the Delivery Date, the Buyer may at its option terminate the Contract.

If the Buyer has not given notice of termination as provided for in Clause 12 within one hundred and eighty-five (185) days of delay having elapsed after the Delivery Date, the Builder may demand in writing that the Buyer shall make an election either to terminate the Contract, or to accept delivery at a specified future date reasonably estimated by the Builder to be the date when the Vessel will be ready for delivery. In such case the Buyer shall, within fifteen (15) days after its receipt of the Builder's demand, notify the Builder of its election. If the Buyer elects not to terminate, but the Vessel is not delivered by such future date as set out in the Builder's demand, the Buyer shall again have the right to terminate the Contract.

8.2.3 If the total accumulated delay, including Force Majeure Delay but excluding other Permissible Delay, amounts to three hundred and sixty (360) days or more, the Buyer may terminate the Contract. If the Buyer has not given notice of termination as provided for in Clause 12 within three hundred and sixty-five (365) days of delay having elapsed after the Delivery Date, the Builder may demand in writing that the Buyer shall make an election either to terminate the Contract or to agree to accept delivery at a specific future date reasonably estimated by the Builder to be the date when the Vessel will be ready for delivery. Within fifteen (15) days of its receipt of such demand, the Buyer shall notify the Builder of its election. If the Buyer elects not to terminate the Contract and the Vessel is not delivered by such future date as set out in the Builder's demand, the Buyer shall again have the right to terminate the Contract.

8.2.4 If it can be established beyond any reasonable doubt that the Vessel will be delayed in delivery for more than one hundred and eighty (180) days as per Clause 8.2.2, or be delayed for more than three hundred and sixty (360) days as per Clause 8.2.3, the Buyer shall have a right forthwith to terminate the Contract. If the Builder anticipates, notwithstanding the exercise of due diligence by it, that delay in delivery of the Vessel will continue for more than the aforesaid one hundred and eighty (180) or three hundred and sixty (360) days (respectively), the Builder may demand in writing that the Buyer shall make an election either to terminate the Contract, or to accept delivery at a specified future date reasonably estimated by the Builder to be the date when the Vessel will be ready for delivery. In such case the Buyer shall, within fifteen (15) days after its receipt of the Builder's demand, notify the Builder of its election. If the Buyer elects not to terminate, but the Vessel is not delivered by such future date as set out in the Builder's demand, the Buyer shall again have the right to terminate the Contract.

### 8.3 Speed Deficiency

8.3.1 If the speed as stipulated in Clause 2.2 (as adjusted pursuant to Clause 2.3 and/or Clause 5 as the case may be) is not achieved, the Contract Price shall be reduced as follows:

- (a) For each full tenth (1/10) knots reduction up to [●] knots, no reduction shall be made.
- (b) For each full tenth (1/10) knots reduction in the speed thereafter up to [●] knots reduction in the speed, a reduction of [●] (*fill in either a specific amount or a percentage of the Original Contract Price*) shall be made.
- (c) For each full tenth (1/10) knots further reduction in the speed, a reduction of [●] (*fill in either a specific amount or a percentage of the Original Contract Price*) shall be made.

- (d) The total reduction in the Contract Price pursuant to this Clause 8.3.1 shall in any event not exceed [●] (fill in either a specific amount or a percentage of the Original Contract Price).
- (e) If the deficiency in speed is more than [●] knots, the Buyer may terminate the Contract.

#### **8.4 Deficiency in Deadweight**

- 8.4.1 If the deadweight ([●] tons) stipulated in Clause 2.2 (as adjusted pursuant to Clause 2.3 and/or Clause 5 as the case may be) is not attained and the reduction exceeds [●]% of the stipulated deadweight, the Contract Price shall be reduced by [●] (fill in either a specific amount or a percentage of the Original Contract Price) for each ton of the reduction in excess of the said [●]%, but always limited to a maximum of [●] (fill in either a specific amount or a percentage of the Original Contract Price).
- 8.4.2 If the reduction in deadweight is more than [●]% of the stipulated deadweight, the Buyer may terminate the Contract.

#### **8.5 Deficiency in Cubic Capacity**

- 8.5.1 If the cubic capacity ([●] m<sup>3</sup>) stipulated in Clause 2.2 (as adjusted pursuant to Clause 2.3 and/or Clause 5 as the case may be) is not attained, and the reduction exceeds [●]% of the stipulated cubic capacity, the Contract Price shall be reduced by [●] (fill in either a specific amount or a percentage of the Original Contract Price) for each m<sup>3</sup> of the reduction in excess of the said per cent.
- 8.5.2 If the reduction in cubic capacity is more than [●]% of the stipulated capacity, the Buyer may terminate this Contract.

#### **8.6 Deficiency in Fuel Consumption**

- 8.6.1 The Builder's liability for fuel consumption shall be limited to any guarantee or liability of the main engine supplier towards the Builder. The Builder shall endeavour to obtain from the main engine supplier a guarantee in respect of the specified fuel consumption.

#### **8.7 Termination**

- 8.7.1 If the Contract is terminated by the Buyer pursuant to this Clause 8, Clause 12.1 shall apply.
- 8.7.2 If Clause 2.2 includes figures with the qualification "about", such qualification shall be disregarded for the purposes of the calculation of liquidated damages and the right of termination pursuant to this Clause 8.

## **9 FORCE MAJEURE DELAY AND OTHER PERMISSIBLE DELAY**

### **9.1 Force Majeure Events and Force Majeure Delay**

9.1.1 Any net delay incurred as a consequence of extraordinary events beyond the Builder's control, as set out below, shall be considered Force Majeure Delay:

- (a) acts of God; acts of princes and rulers; acts or orders of government authorities; war or warlike conditions, civil commotion or riots, mobilisation to war; sabotage; strike or lockout (except local labour disturbances at the Builder's Yard and/or the Hull Yard); quarantines, epidemics or pandemics; flood, typhoons, hurricanes, storms or other extraordinary weather conditions not included in normal planning; earthquakes, tidal waves, landslide; fires, explosions, collisions or stranding; import or export bans or restrictions; prolonged failure, shortage or restriction of electrical current, oil or gas; or
- (b) late delivery of major parts or of important performance by Subcontractor(s) where the cause of delay would have been recognised as a Force Majeure Event under this Clause 9 if it had affected the Builder directly, provided that the Builder exercised due diligence in the selection of the Subcontractor(s) and allowed a reasonable margin for delays, such that, at the time of ordering, it was reasonable for the Builder to expect timely delivery; or
- (c) delays in the Builder's other commitments resulting from a Force Majeure Event as herein described directly causing delay of the Builder's performance hereunder; or
- (d) any other extraordinary events beyond the Builder's control;

(each a "Force Majeure Event");

**provided always:**

that there shall be no Force Majeure Delay if such delay could reasonably have been foreseen or anticipated by the Builder on the Date of Contract, or prevented or overcome by the exercise of due diligence by the Builder, its servants, employees or Subcontractors.

9.1.2 In case of Force Majeure Delay, the Delivery Date shall be postponed correspondingly.

9.1.3 The provisions under this Clause 9.1 shall apply regardless of whether the Force Majeure Event occurred before or after the Date of Contract or before or after the Delivery Date.

9.1.4 The Builder is obliged to do its utmost to minimise any Force Majeure Delay.

### **9.2 Notice of Force Majeure Delay**

9.2.1 Within ten (10) days after the Builder becomes aware or should have become aware, of any Force Majeure Event on account of which the Builder will claim Force Majeure Delay, the Builder shall notify the Buyer in writing of the date such cause of delay commenced. Within

ten (10) days after the date such cause of delay ended, the Builder shall notify the Buyer in writing of the date when such cause of delay ended.

9.2.2 Failure by the Builder to give such notices as aforesaid shall preclude the Builder from subsequently claiming Force Majeure Delay on account of such circumstances.

9.2.3 The Builder shall notify the Buyer of the duration of the Force Majeure Delay, as soon as reasonably practicable after it has been determined. Failure by the Buyer to object to the duration of the Force Majeure Delay within ten (10) days after receipt by the Buyer of such notice shall be deemed a waiver by the Buyer of its right to object to the duration of the Force Majeure Delay, provided always that the Builder's information in respect of the cause of the delay and the consequences thereof were correctly stated in the notice.

### **9.3 Permissible Delay**

9.3.1 Delays on account of such causes as specified in Clause 9.1.1 and in Clauses 5.1 and 5.2 hereof and any other delays evidenced to have been caused by non-fulfilment by the Buyer of its obligations hereunder or any other delays of a nature which under the terms of this Contract permit postponement of the Delivery Date, shall constitute Permissible Delay and shall postpone the Delivery Date for any net delay proven to have been caused thereby. The Builder shall be entitled to compensation for increased finance costs and/or other additional costs proven to have been caused by the Buyer's non-fulfilment of its obligations hereunder.

## **10 WARRANTY OF QUALITY**

### **10.1 Extent of Builder's Responsibility**

10.1.1 Save as provided for below, and provided always that the deficiencies have been rectified within a reasonable time, the Builder shall have no responsibility for defects or the consequences thereof (including loss of profit and loss of time) discovered after Delivery and Acceptance.

### **10.2 The Guarantee**

10.2.1 The Builder undertakes to repair and rectify, at its own cost and expense and free of charge to the Buyer, any defects, including latent defects or deficiencies, concerning the Vessel caused by faulty design, defective material and/or poor workmanship by the Builder, its servants, employees, agents or Subcontractors (including any Hull Yard), but excluding defects arising after delivery due to normal wear and tear or improper handling of the Vessel or caused or aggravated by omission or improper use or maintenance of the Vessel on the part of the Buyer, its servants or agents and excluding the Buyer's Supplies (each a "**Defect**").

10.2.2 The Builder's liability as stated herein shall terminate if the Defect(s) as aforesaid have not been discovered within the Guarantee Period, unless otherwise provided for in this Clause 10.2.

- 10.2.3 The Builder is only liable for any such Defect(s) which the Buyer has notified in writing to the Builder as soon as possible after the Buyer discovered or should have discovered the Defect(s), and at the latest within eight (8) days after the expiry of the Guarantee Period. Such notice shall include particulars of the Defect(s) in such detail as can reasonably be expected.
- 10.2.4 If the Defect(s) could only be discovered on dry-docking the Vessel, notice of such Defect(s) need not be tendered before the Vessel is in the dock, but must be tendered before the Vessel leaves the dry-dock.
- 10.2.5 The Guarantee Period shall be extended in the event of the following:
- (a) After any repair and/or rectification under this Clause 10, a further guarantee period of three (3) months shall apply to the repaired and rectified items. However, this additional guarantee period shall not be shorter than the original Guarantee Period for the relevant item. This extended guarantee shall apply to all remedial work notified by the Buyer to the Builder during the Guarantee Period or any extension thereof. The Buyer shall not be entitled to an additional guarantee for deficiencies caused by poor workmanship if the guarantee work was not performed by the Builder or its Subcontractors (including any Hull Yard).
  - (b) If as a result of guarantee works, the Vessel has been lying idle during the Guarantee Period for an accumulated period of thirty (30) days or more, the Guarantee Period shall be extended by the total number of days the Vessel has been lying idle, regardless of whether other work was carried out during such period.

### 10.3 Rectification of Defects

- 10.3.1 If the Builder is liable for any Defect as aforesaid, its obligations shall be as follows:
- (a) The Builder shall rectify the Defect or cause the Defect to be rectified at its own costs. Provided the Defect is remedied within a reasonable time, the Builder shall have no other liability for any damage or loss caused as a consequence of the Defect, except for repair or rectification of the Vessel's part(s) that have been damaged as a direct and immediate consequence of the Defect without any intermediate cause, and provided such part(s) can be considered to form a part of the same equipment or same system. The Builder shall in any event not be liable for any consequential losses as stated herein exceeding [●]% (if left blank, 1%) of the Original Contract Price.
  - (b) The repairs and/or rectifications shall be made at the Builder's Yard.
- However, the Buyer may, after notifying the Builder in writing, cause the necessary repairs and/or rectifications to be carried out elsewhere. In such case, the following shall apply:
- (i) The Builder shall, at its own costs, be entitled to forward necessary replacement parts or materials.

- (ii) The Buyer shall notify the Builder in advance of the place where the remedial work shall be carried out, and the Builder's representative shall be entitled to attend and inspect the works unless they are of such urgency that this is not reasonably possible.
  - (iii) The Builder's liability shall in such case be limited to paying the cost of the repairs including travelling and forwarding expenses (unless paid by its Subcontractors), but limited to the price of the work and of any docking and access works which the Builder would normally charge at the Builder's Yard.
- (c) Regardless of where the repairs and/or rectifications are effected, and by whom:
- (i) The Builder shall co-operate with the Buyer to find adequate solutions to rectify the Defect.
  - (ii) The Vessel shall be taken at the Buyer's cost and expense to the place elected for repair and/or rectification, ready for same, whilst docking expenses and access works being necessary for performance of the guarantee work shall be for the Builder's account.
  - (iii) The Builder shall have the ownership of replaced parts. Upon request, the Buyer shall return such parts to the Builder at the Builder's expense. If the Builder fails to make such request within a reasonable time, the Buyer has no responsibility for the replaced parts, or to return them.

#### **10.4 Guarantees by Subcontractor(s)**

- 10.4.1 The Builder shall, upon the Buyer's request, assign to the Buyer any rights the Builder may have against any Subcontractor, including any right to pursue any claim under the relevant subcontract. This provision shall in no way alter or diminish the Builder's liabilities or obligations under this Contract. However, following any such assignment, the Builder shall have no further liability to the Buyer under this Contract in respect of the Defect(s) to the extent such Defect(s) are covered by the relevant Subcontractor's guarantee.
- 10.4.2 The Builder shall endeavour to have provisions in the subcontracts whereby the Buyer may claim directly against the Subcontractor.

#### **10.5 Assignment of Guarantee**

- 10.5.1 If the Buyer sells the Vessel during the Guarantee Period and wishes to assign its rights under this Clause 10, such assignment shall be subject to the Buyer covering any additional costs of the Builder in relation to such assignment, and otherwise subject to the Builder's consent, which shall not be unreasonably withheld or delayed.

## 10.6 The Guarantee Engineer

- 10.6.1 The Builder shall have the right and the Buyer may require the Builder to appoint an engineer (the “**Guarantee Engineer**”) to serve on board the Vessel for such portion of the Guarantee Period as the Builder or the Buyer may decide. The Buyer and its employees shall provide the Guarantee Engineer with full co-operation in carrying out its duties on board the Vessel. The Buyer shall afford the Guarantee Engineer treatment and accommodation comparable to the Vessel’s Chief Engineer, at no cost to the Builder. The Buyer shall pay to the Builder [amount] per day as compensation for the attendance of the Guarantee Engineer. The Buyer shall also arrange and pay for repatriation by air to the Guarantee Engineer’s home country.
- 10.6.2 The Guarantee Engineer shall, at all times and in all respects, be deemed to be the employee of the Builder. The Buyer shall be under no liability whatsoever to the Builder or to the Guarantee Engineer for personal injuries, including death, suffered by the Guarantee Engineer during its time on board the Vessel, unless caused by the gross negligence or wilful misconduct of the Buyer or by its employees or agents. Further, the Buyer shall not be under any liability whatsoever to the Guarantee Engineer for damage to or loss or destruction of any property of the Guarantee Engineer unless caused by the gross negligence or wilful misconduct of the Buyer or by its employees or agents. The Guarantee Engineer shall sign a letter of indemnity concerning its attendance on board the Vessel if requested by the Buyer. The Builder and the Guarantee Engineer shall have no liability whatsoever to the Buyer or to the Vessel’s crew for personal injuries, including death, suffered by the Vessel’s crew or for damage to or loss or destruction of the Vessel or any other property of the Buyer or of the Vessel’s crew, during the Guarantee Engineer’s time on board the Vessel, and the Buyer shall indemnify and hold the Builder harmless in respect of any such claims.

## 11 OWNERSHIP, RISK AND INSURANCE

### 11.1 Ownership and Registration

- 11.1.1 The Buyer shall become the owner of the Vessel upon Delivery and Acceptance, and the Parties agree that Appendix II (*Progressive Title*) shall not apply to this Contract.<sup>2</sup>
- 11.1.2 The Builder may mortgage the Vessel and its materials (excluding the Buyer’s Supplies) as security for the construction financing, including (if applicable) the provision of the Refund Guarantee(s), for the Vessel. The Buyer shall, if necessary, give its consent for that purpose. Any such mortgage shall be discharged and deleted from the relevant registry at the latest on Delivery and Acceptance.
- 11.1.3 Any materials, parts, machinery or equipment purchased by the Builder and appropriated for the Vessel but not utilised for the Vessel, shall remain the property of the Builder after Delivery and Acceptance.

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<sup>2</sup> ALTERNATIVE to Clause 11.1.1: “The Parties agree that Appendix II (*Progressive Title*) shall apply to this Contract.”

11.1.4 If the Builder's Yard is in Norway, the Buyer may register the Contract and the Vessel under construction in accordance with the provisions of the Norwegian Maritime Act with the Builder as title holder.

## **11.2 Risk and Insurance**

11.2.1 Until Delivery and Acceptance the Builder shall bear the risk of loss of or damage to the Vessel and any materials, parts, or equipment that is intended to be integrated into or installed on the Vessel (other than the Buyer's Supplies).

11.2.2 The Builder shall arrange and pay for builder's risk insurance (which shall include the Buyer's Supplies) with underwriters, terms and deductibles which shall be acceptable to the Buyer, on customary "All Risks" terms. The insurance shall comprise necessary fire and transport insurance of material and equipment which the Builder procures from Subcontractors. Unless otherwise agreed, the Builder is not obliged to insure the transport of the Buyer's Supplies. The Builder may collect directly from the insurance company in respect of its own losses.

11.2.3 The Builder shall procure that:

- (a) the insurance policies are taken out in the joint names of the Builder and the Buyer;
- (b) the insured amount as a minimum covers all amounts paid by the Buyer, from time to time, to the Builder under this Contract together with Interest thereon and the value of the Buyer's Supplies; and
- (c) the building insurance is maintained until Delivery and Acceptance.

11.2.4 By paying extra insurance premiums the Buyer may require that the building insurance is increased to cover the Vessel's rebuilding value at any time.

11.2.5 War risks insurance for the Vessel with its accessories shall be taken out only at the request of the Buyer, in which case the cost shall be for its account.

11.2.6 The Buyer shall receive copies of the insurance policies.

## **11.3 Damage or Total Loss**

11.3.1 In the event that the Vessel is at any time before Delivery and Acceptance damaged by any insured cause and provided such damage does not constitute an actual or constructive total loss of the Vessel, the proceeds recovered under the insurance policies shall be payable to the Builder and be applied towards repairs satisfactory to the Classification Society and Regulatory Bodies, and the Buyer shall accept the Vessel under the Contract if completed thereafter in compliance with the Contract, subject to any rights the Buyer may have pursuant to Clause 8.2.

11.3.2 If, before Delivery and Acceptance, the Vessel becomes an actual or constructive total loss from any insured cause, the Parties may agree to continue with the Contract and rebuild the Vessel, and to this end also agree upon any necessary change to the Delivery Date and/or

any other necessary amendments to the Contract, in which case the proceeds of the insurance policies shall be paid to the Builder.

11.3.3 If no agreement pursuant to Clause 11.3.2 is reached within thirty (30) days, then the proceeds under the insurance policy shall be paid out in the following order of priority, following which this Contract shall be deemed terminated:

(a) The Buyer shall receive directly from the insurance company:

- (i) an amount equal to all amounts paid by the Buyer to the Builder under the Contract together with Interest in accordance with the terms of the Contract;
- (ii) any extra proceeds recoverable under an insurance policy taken out for the Buyer's account in accordance with Clause 11.2.4; and
- (iii) payment for the Buyer's Supplies covered by the insurance policies.

(b) Any remaining part of the insurance proceeds shall be paid to the Builder.

11.3.4 Provided always that the Builder has complied with its obligations to procure insurance as provided in this Contract, the Builder shall have no liability for any other loss suffered by the Buyer caused by termination pursuant to Clause 11.3.3.

11.3.5 The Buyer shall bear the risk of loss of or damage to the Vessel following the Delivery and Acceptance. This applies regardless of whether the Builder performs work on the Vessel or whether the Vessel is under the Builder's control and/or custody. The Buyer shall defend, indemnify and hold the Builder harmless from any loss of and/or damage to the Vessel, or damage caused by the Vessel or its crew, howsoever caused and regardless of whether any such damage and/or loss is due to the negligence or breach of duty (whether statutory or otherwise) of any member of, or individual engaged by, the Builder (including the Guarantee Engineer and/or its Subcontractors).

## **12 DEFAULT PROVISIONS**

### **12.1 Builder's Default – Termination by Buyer**

12.1.1 The payment of any sums under this Contract by the Buyer before Delivery and Acceptance of the Vessel shall be by way of advances to the Builder. If the Buyer exercises any right of terminating the Contract according to its express terms, the Buyer shall notify the Builder in writing and such termination shall be effective as of the date notice thereof is received by the Builder.

12.1.2 Upon such termination, the Builder shall promptly either accept the notice of termination, or declare its intention to dispute the same under the provisions of Clause 25 hereof.

12.1.3 Upon termination, the Builder shall refund all amounts paid to it by the Buyer under the Contract, including Interest from the date of payment until the date of refund. The Builder shall

also return the Buyer's Supplies, or if they cannot be returned, pay to the Buyer an amount equal to the Buyer's costs for such Buyer's Supplies.

- 12.1.4 Save for the Builder's obligation to refund the amounts as set out above, the Builder shall have no liability for any other loss suffered by the Buyer caused by termination pursuant to this Clause 12.1.

## **12.2 Buyer's Default – Termination by Builder**

- 12.2.1 If the Buyer fails to make timely payments as set out in this Contract or perform its other obligations under the Contract, the Builder shall by written notice to the Buyer request payment of the unpaid amount or performance of the other obligation. If the amount has not been paid or any material obligation has not been performed within seven (7) Banking Days from receipt of such notice, the Builder may postpone the commencement of or stop the work on the Vessel. The net loss of time caused thereby shall constitute Permissible Delay under the Contract.

- 12.2.2 If twenty-one (21) days have elapsed from receipt by the Buyer of the above notice without the Buyer having paid or provided acceptable security or performed the material obligation(s), the Builder may terminate the Contract.

- 12.2.3 In case the Builder either elects to suspend performance or to terminate pursuant to this Clause 12.2, the Builder may claim compensation for its losses caused thereby, always excluding any indirect losses.

- 12.2.4 Notwithstanding the above, if there is a dispute regarding the Buyer's payment obligation, the Builder shall not be entitled to postpone the commencement of the work, cease work on the Vessel, or terminate the Contract, provided the Buyer furnishes security for the disputed amount, such security to be acceptable to the Builder, whose acceptance shall not be unreasonably withheld or delayed.

- 12.2.5 If a guarantee pursuant to Clause 3.5.4 is not provided within ten (10) Banking Days of the Builder's request, or becomes unenforceable, and is not prolonged, renewed, or replaced to the satisfaction of the Builder and the Builder's bank within seven (7) Banking Days after a request to that effect from the Builder, the Builder may terminate the Contract.

## **12.3 Insolvency**

- 12.3.1 If proceedings are commenced by or against the Buyer or the Builder for winding up, dissolution or reorganisation (other than for the purpose of merger) or for the appointment of a receiver, trustee or similar officer, or if bankruptcy is opened, the Party who is not subject to such proceedings shall have the right to terminate this Contract.

- 12.3.2 Upon such termination by the Buyer, the Builder shall refund all amounts paid by the Buyer to the Builder under the Contract, including Interest from the date of payment to the date of refund. The Builder shall also return the Buyer's Supplies, or if they cannot be returned, the Builder shall pay to the Buyer an amount equal to the Buyer's costs for the Buyer's Supplies.

- 12.3.3 Upon such termination by the Builder, the Builder may claim compensation for losses caused thereby, always excluding any indirect losses.

### **13 ASSIGNMENT**

- 13.1 Each of the Parties shall have the right to assign its monetary claims under the Contract by way of security in favour of its financiers.
- 13.2 Other than as aforesaid, neither of the Parties shall assign the Contract to a third party without the prior written consent of the other Party, such consent not to be unreasonably withheld or delayed.
- 13.3 The Contract shall endure to the benefit, and shall be binding upon the lawful successors or the legitimate assigns of either of the Parties hereto.

### **14 TAXES AND DUTIES**

#### **14.1 Taxes and Duties in the Country of the Builder**

- 14.1.1 The Builder shall bear and pay all taxes and duties imposed in the country of the Builder, the Builder's Yard and the Hull Yard in connection with the execution and/or performance of the Contract, excluding any taxes and duties imposed upon the Buyer's Supplies.
- 14.1.2 If the Builder is required to collect and invoice value added tax (VAT) on any part of the Contract Price, the Builder shall issue invoices including VAT. The Builder shall cooperate with the Buyer to minimise accrual of VAT and both Parties shall ensure that the full benefit of available VAT exceptions is utilised.

#### **14.2 Taxes and Duties Outside the Country of the Builder**

- 14.2.1 The Buyer shall bear and pay all taxes and duties imposed outside the country of the Builder, the Builder's Yard or the Hull Yard in connection with the execution and/or performance of the Contract, except taxes and duties imposed upon those items to be procured by the Builder for the construction of the Vessel.

### **15 PATENTS, TRADEMARKS, COPYRIGHTS**

- 15.1 The Builder shall defend, indemnify, and hold the Buyer harmless from and against any liability, costs, or expenses (including litigation costs, if any) arising from claims of infringement of patents, trademarks, copyrights, or other intellectual property rights to the extent such rights are made or used in the performance of this Contract or relate to the Buyer's use of the Vessel. The Builder shall be entitled to remedy any intellectual property liability by obtaining the necessary licences or replacing the relevant parts of the Vessel on the terms of Clause 10.3.

- 15.2 Nothing contained herein shall be construed as transferring any patent or trademark rights or copyright in the Vessel or parts thereof, and all such rights including the design of the Vessel are hereby expressly reserved to the true and lawful owners thereof.
- 15.3 The Builder's indemnity under Clause 15.1 does not extend to the Buyer's Supplies.

## **16 BUYER'S SUPPLIES**

### **16.1 Responsibility of the Buyer**

- 16.1.1 The Buyer shall, at its own risk, cost and expense, supply and deliver to the Builder all of the items to be furnished by the Buyer, as specified in the Specifications, at a secure warehouse or other secure storage facility of the Builder in a proper condition ready for installation in or on the Vessel, in accordance with the time schedule designated and advised by the Builder to the Buyer.
- 16.1.2 In order to facilitate installation by the Builder of the Buyer's Supplies in or on the Vessel as part of the construction of the Vessel, the Buyer shall furnish the Builder with necessary specifications, plans, drawings, instruction books, manuals, test reports and certificates required by all applicable rules and regulations. If reasonably requested by the Builder, and provided that such installation is not the Builder's responsibility under the Specifications, the Buyer shall, at no cost to the Builder, arrange for the manufacturer's representatives to (i) assist the Builder with the installation of the Buyer's Supplies in or on the Vessel (ii) carry out installation themselves, or (iii) make necessary adjustments at the Builder's Yard.
- 16.1.3 Any and all of the Buyer's Supplies shall be subject to the Builder's reasonable right of rejection if they are found to be unsuitable or in improper condition for installation.
- 16.1.4 Should the Buyer fail to deliver any of the Buyer's Supplies (or any part thereof or documentation relating thereto) within the time designated pursuant to Clause 16.2.1, the Builder shall be entitled to claim compensation for any costs as well as Permissible Delay equal to the number of days by which the Buyer's Supplies (or any part thereof or documentation relating thereto) are delayed unless the Buyer can demonstrate that the delay in the delivery of the Vessel actually caused thereby was shorter.
- 16.1.5 If the delay in delivery of any of the Buyer's Supplies (or any part thereof or documentation relating thereto) exceeds thirty (30) days, the Builder shall be entitled to proceed with the construction of the Vessel without its installation in or on the Vessel and claim compensation for any additional costs of installing the Buyer's Supplies at a later stage. If the delay exceeds ninety (90) days, the Builder shall be entitled to complete and deliver the Vessel without installation of the Buyer's Supplies, and the Buyer shall accept and take delivery of the Vessel so constructed, unless such delay is caused by Force Majeure, in which case the provisions of Clause 16.1.4 shall apply.

## **16.2 Responsibility of the Builder**

- 16.2.1 The Builder shall provide to the Buyer a time schedule for the required delivery dates of the Buyer's Supplies, including their relevant specifications, plans, drawings, instructions, manuals, test reports and certificates as soon as reasonably possible and latest ninety (90) days after the Date of Contract.
- 16.2.2 The Builder shall be responsible for storing and handling with due diligence the Buyer's Supplies after delivery thereof to the Builder's Yard or otherwise into the Builder's possession, and ensure that they are marked, or by other means readily identifiable, as the Buyer's Supplies and as the property of the Buyer. The Builder shall, at its own cost and expense, install them in or on the Vessel, unless otherwise provided herein or agreed by the Parties, provided, that the Builder shall not be responsible for the quality, efficiency and/or performance of any of the Buyer's Supplies.

## **17 BUYER'S ELECTED SUPPLIES**

- 17.1 Should the relevant Subcontractor fail to deliver to the Builder any of the Buyer's Elected Supplies (or any part thereof or documentation relating thereto) within the time agreed with the Subcontractor, the Builder shall be entitled to claim compensation for any costs as well as Permissible Delay equal to the number of days by which the Buyer's Elected Supplies are delayed unless the Buyer can demonstrate that the delay in the delivery of the Vessel actually caused thereby was shorter.
- 17.2 If a Subcontractor's delay in delivery of any of the Buyer's Elected Supplies (or any part thereof or documentation relating thereto) exceeds thirty (30) days, then the Builder shall be entitled to proceed with the construction of the Vessel without its installation in or on the Vessel and claim compensation for any additional costs of installing the Buyer's Elected Supplies at a later stage. If the delay in delivery exceeds ninety (90) days, the Builder shall be entitled to complete and deliver the Vessel without installation of the Buyer's Elected Supplies and the Buyer shall accept and take delivery of the Vessel so constructed, unless such delay is caused by Force Majeure in which case the provisions of Clause 17.1 shall apply.

## **18 BUYER'S REPRESENTATIVE AND NOTICES**

- 18.1 The Buyer's Representative pursuant to Clause 4.2 shall be as follows, or such replacement as may be notified by the Buyer to the Builder in writing:

Name: [●]

Telephone: [●]

E-mail: [●]

- 18.2 Any and all notices and communications in connection with the Contract shall be addressed as follows, or to such revised or additional addresses as may be subsequently, and formally, notified by one Party to the other following the Date of Contract:

*To the Buyer:*

Address: [●]

Telephone: [●]

E-mail: [●]

*To the Builder:*

Address: [●]

Telephone: [●]

E-mail: [●]

### **18.3 Language**

- 18.3.1 Any and all written notices and communications in connection with the Contract shall be in the English language.

## **19 MISCELLANEOUS**

- 19.1 The Contract contains the entire agreement and understanding between the Parties hereto and supersedes all promise, undertaking, representation, warranty or statement on any subject matter of the Contract.
- 19.2 For the avoidance of doubt, unless expressly provided to the contrary herein, no person who is not a Party shall have any right to enforce or enjoy the benefit of any term of this Contract.
- 19.3 If any provision of this Contract is held to be invalid, illegal or unenforceable under any applicable law, the remaining provisions shall not be affected or impaired thereby and shall remain in full force and effect.
- 19.4 No failure or delay by either Party in exercising any right, power or remedy under this Contract shall operate as a waiver of that right, power or remedy. A waiver shall be effective only if made in writing and signed by the Party granting it. Any waiver of a breach shall not be deemed a waiver of any subsequent breach.

## **20 CONFIDENTIALITY**

- 20.1 The Parties will co-operate in formulating and releasing any press announcements in relation to the construction of the Vessel.
- 20.2 The Parties shall treat as confidential, and use all reasonable efforts to ensure that their respective employees, officers, agents, Subcontractors and other representatives treat as confidential, the provisions of this Contract and all information exchanged by the Parties in connection with the entry into or performance of this Contract, save that each Party shall be entitled to disclose any such information to their shareholders, financiers, auditors and legal advisors, or to such extent as may from time to time be required by law or the rules or

regulations of any applicable stock exchange or similar body or for the purpose of the due performance of the Contract.

20.3 This Clause 20 shall survive the termination of the Contract.

## **21 SAFETY AND HUMAN RIGHTS COMPLIANCE**

21.1 The Builder shall construct the Vessel in compliance with applicable health, safety, and environmental laws ("**HSE Laws**"). The Builder shall promptly notify the Buyer in writing of any serious health, safety and environmental incidents at the Builder's Yard or any Hull Yard in relation to the construction of the Vessel, including but not limited to: (i) any work-related fatality or serious injury, (ii) any significant environmental damage or pollution, or (iii) any serious breach of applicable HSE Laws. Each such notification shall include a summary of the incident, immediate response measures taken, and any corrective actions implemented or planned.

21.2 The Builder warrants and confirms to the Buyer that as long as any services are provided under the Contract and until the expiry of the Guarantee Period it shall respect fundamental Human Rights and Decent Working Conditions, including to identify, prevent and mitigate any potential or actual adverse impact on Human Rights and Decent Working Conditions resulting from its business operations, or directly linked to its products or services or through its relationships with Subcontractors or other third parties.

21.3 Without prejudice to the generality of the foregoing, the Builder shall pay rates of wages and benefits that shall meet at least statutory or agreed industry minimum rates. It shall not be permitted to make any deductions from wages for disciplinary measures, nor any other deductions save to the extent provided for by national law without the express permission of the worker concerned.

21.4 Under no circumstances shall the Builder employ or otherwise engage workers under the minimum age for employment, as defined in applicable national legislation. Children under the age of 18 will not be employed in hazardous work, and a risk assessment shall be carried out in respect of any work carried out by such minor employees.

21.5 If the Buyer is subject to the Transparency Act, the Builder represents and warrants that it shall render all necessary cooperation to the Buyer to allow the Buyer to comply with all provisions of the Transparency Act. Furthermore, the Builder represents and warrants that it shall, throughout the period of the Contract:

- (a) conduct its performance of the Contract with regard for human rights and consistent with laws and regulations applicable to the Builder;
- (b) before entering into a subcontract with a Subcontractor (including a Hull Yard), make necessary due diligence enquiries with the aim of establishing if there is a risk that the Subcontractor may perform its obligations contrary to laws and regulations applicable to the Builder; and

- (c) ensure that the works of any Subcontractor, Hull Yard or any other party that conducts work on the Builder's site(s), or of which the results are intended to be used in the Vessel, shall be conducted in accordance with laws and regulations applicable to the Builder.

- 21.6 The Buyer shall, subject to giving reasonable notice in advance, be entitled to perform audits at the premises of the Builder to assess whether the obligations contained in this Clause 21 are complied with. Should the Buyer during such audit identify any area where work is conducted with disregard for Human Rights or inconsistently with laws and regulations applicable to the Builder, the Buyer shall give notice to the Builder of their concern. The Builder shall upon receiving such notice seek to implement corrective measures addressing the Buyer's concern.
- 21.7 The Builder shall make reasonable endeavours to ensure that any material subcontract that is entered into between the Builder and the relevant Subcontractor or Hull Yard contains provisions on substantially the same terms as this Clause 21 such that the Buyer will be entitled to receive the information and audit rights necessary for it to ensure its compliance with the Transparency Act. The Builder shall likewise promptly notify the Buyer in writing of any serious health, safety and environmental incidents during construction of the Vessel at the site of any Subcontractor or Hull Yard which are brought to the attention of the Builder.
- 21.8 The Builder's liability for a breach or series of breaches of this Clause 21 shall never exceed a total of 0.25% of the Original Contract Price unless such breach is proved to have resulted solely from the gross negligence or wilful misconduct of the Builder's leading personnel.

## **22 ANTI-BRIBERY AND CORRUPTION**

- 22.1 The Parties warrant that they will, at all times, comply with all local and international anti-bribery and corruption laws ("**ABC Laws**") applicable to the performance of their rights and obligations under this Contract. This includes, but is not limited to, the prevention of bribery and corrupt practices in all forms.

## **23 CYBER SECURITY**

- 23.1 The Builder shall, taking into account the degree of the Builder's exposure to risks, the cost of implementation, the Builder's size and the likelihood of occurrence of Cyber Security Incidents and their severity:
- (a) implement reasonable, appropriate and proportionate technical, operational and organisational measures to manage the risks posed to the security of Digital Environment, and use reasonable endeavours to maintain such measures, in compliance with the International Maritime Organization's (IMO) Guidelines on Maritime Cyber Risk Management and applicable law which the Builder is subject to;
  - (b) have in place appropriate plans and procedures to allow it to respond efficiently and effectively to a Cyber Security Incident; and

- (c) regularly review its measures to verify their application in practice and maintain records evidencing the same.
- 23.2 The Builder shall use reasonable endeavours to ensure that any Hull Yard, Subcontractor or any other third party providing services or deliverables on its behalf in connection with this Contract implements measures as described in Clause 23.1, including adherence to the IMO Guidelines on Cyber Risk Management. For the avoidance of doubt, the Builder shall remain responsible for the acts and omissions of its Hull Yard, Subcontractor or any other third party engaged to perform the Builder's obligations under this Clause 23 on its behalf, as if such acts and omissions were the Builder's own.
- 23.3 The Buyer shall familiarise itself with the Builder's implemented measures and notify the Builder without undue delay after the Date of Contract if the Buyer identifies deficiencies.
- 23.4 If the Builder becomes aware of a Cyber Security Incident (including Cyber Security Incidents at any Hull Yard, Subcontractor or other third party), it shall without undue delay, at the latest within twelve (12) hours, submit an early warning to the Buyer. The Builder shall thereafter, in good faith and loyally, provide reasonable assistance (including further information regarding the Cyber Security Incident) necessary for the Buyer to comply with the Buyer's mandatory notification and reporting obligations under Article 23 of Directive (EU) 2022/2555 (also known as "NIS2") or its national implementation.
- 23.5 The Builder shall:
- (a) promptly take all steps reasonably necessary, appropriate and proportionate to mitigate the effects of the Cyber Security Incident and to resolve the Cyber Security Incident; and
  - (b) without limiting the Buyer's obligations under Clause 23.3 above, as soon as reasonably practicable, provide the Buyer with contact details and indicate an initial assessment of the Cyber Security Incident, including its severity and impact, as well as, where available, the indicators of compromise, and otherwise reasonably assist the Buyer in mitigating and/or preventing any effects the Cyber Security Incident may have on the Vessel.
- 23.6 To the extent the Cyber Security Incidents affect the Vessel, the Builder shall share with the Buyer any information that subsequently becomes available to it that may assist the Buyer in mitigating and/or preventing any effects the Cyber Security Incident may have on the Vessel.
- 23.7 Upon reasonable prior notice and subject to confidentiality undertakings by the Buyer, the Builder shall make available to the Buyer all information necessary to demonstrate compliance with its obligations under this Clause 23. The Buyer shall have the right to conduct audits of the Builder's cyber security measures and compliance with this Clause 23. Such audits may be conducted by the Buyer or a third-party auditor appointed by the Buyer, at the Buyer's expense, with reasonable prior notice to the Builder. The Builder shall provide necessary and reasonable access to its facilities, Digital Environment, and personnel to facilitate such audits. As an alternative to direct audits conducted by the Buyer or its appointed third-party auditor, the Builder may, at the Builder's expense, provide an audit report prepared by an independent third-party auditor, that both Parties accept, that assesses the Builder's cyber security

measures and compliance. Any information received or audit conducted pursuant to this Clause 23 shall be governed by the Builder's non-disclosure agreement (NDA), in addition to the provisions outlined in Clause 20. In conducting audits pursuant to this Clause 23, the Buyer shall not have the right to access any data, facilities, or premises that could reveal the Builder's trade secrets, information about other customers, or any other confidential or proprietary information not relevant to the audit's purpose. The Builder reserves the right to restrict or redact access to such sensitive information to protect proprietary interests and compliance with confidentiality obligations. The Buyer may make the documentation and information referred to in this Clause 23.7, including the results of any audits, available to its competent supervisory authority/ies.

- 23.8 The Buyer agrees to compensate the Builder for all reasonable costs incurred due to the provision of information to the Buyer under Clause 23.7, including but not limited to documented personnel time, materials, and any other resources used to facilitate the provision of information.
- 23.9 The Builder's liability for a breach or series of breaches of this Clause 23 shall never exceed a total of 0.25% of the Original Contract Price, unless such breach is proven to have resulted solely from the gross negligence or wilful misconduct of the Builder's leading personnel.

## **24 EXPORT CONTROLS AND SANCTIONS**

- 24.1 As at the Date of Contract, and continuing throughout the term of the Contract (including the Guarantee Period), the Builder warrants that:
- (a) it will comply with Export Control Laws in its performance of this Contract;
  - (b) it is not a Sanctioned Person, or acting on behalf of or at the direction or as agent, trustee or nominee of a Sanctioned Person and will not engage in any Sanctioned Activity in its performance of this Contract;
  - (c) none of the Builder's subsidiaries or, to the best of its knowledge, Subcontractors or any other party engaged by the Builder in the performance of the Contract, are a Sanctioned Person; and
  - (d) it shall not procure products or equipment for construction of the Vessel if it constitutes Sanctioned Activity or will render the sale of the Vessel under this Contract Sanctioned Activity.
- 24.2 As at the Date of Contract, and continuing throughout the term of the Contract (including the Guarantee Period), the Buyer warrants that:
- (a) it will comply with Export Control Laws in its performance of this Contract;
  - (b) it is not a Sanctioned Person, or acting on behalf of or at the direction of or as agent, trustee or nominee of a Sanctioned Person and will not engage in any Sanctioned Activity in its performance of this Contract; and

- (c) it will not directly or indirectly export, re-export, sell, transfer, charter or otherwise employ or divert the Vessel, to a Sanctioned Person, or in any manner that constitutes Sanctioned Activity or in breach of Export Control Laws.

24.3 If at any time prior to Delivery and Acceptance:

- (a) the Builder breaches Clause 24.1 (b), the Buyer may terminate the Contract with immediate effect. In the event of such termination, Clause 12.1 shall apply.
- (b) the Buyer breaches Clause 24.2 (b), the Builder may terminate the Contract with immediate effect. In the event of such termination, Clause 12.2.3 shall apply.

24.4 Without prejudice to the Parties' termination rights under Clause 24.3, if at any time prior to delivery of the Vessel a Party identifies that performance of this Contract constitutes Sanctioned Activity or a Party has breached Clause 24.1 or 24.2, it shall notify the other Party. Following such notice, the Parties agree to a period of thirty (30) days (the "**Rectification Period**") during which they shall act in good faith to explore lawful alternatives to maintain performance of the Contract. This may include obtaining any appropriate licence, derogation or authorisations that are (or may be) available allowing continued performance of the Contract, use of alternative subcontractors, suppliers, materials or financing and novation of the Contract, provided always these steps do not constitute Sanctioned Activity.

24.5 During the Rectification Period, the performance of any obligation that constitutes Sanctioned Activity (including but not limited to any payment obligation) shall be suspended and any delay in delivery caused thereby shall be considered Permissible Delay.

24.6 If a means of alternative lawful performance is not mutually agreed within the Rectification Period, or it is manifest that no such lawful alternatives exist or the breach of Clause 24.1 or 24.2 is not capable of remedy, either Party may as its sole remedy terminate this Contract with immediate effect by written notice, in which case the Builder shall return to the Buyer:

- (a) any sums paid up to the date of termination, without Interest thereon; and
- (b) any Buyer's Supplies supplied up to the date of termination, or if they cannot be returned, pay to the Buyer an amount equal to the value of the Buyer's Supplies on the date of termination;

less

- (c) % (if left blank, 50%) of the difference between:
  - (i) the Builder's documented costs incurred or irrevocably committed up to the date of termination related to construction of the Vessel; and
  - (ii) the fair market value of the Vessel in its unfinished state on the date of termination, such value to be determined by a jointly appointed independent expert.

- 24.7 Any repayment or return required under Clause 24.3(a) or 24.6 shall be completed within thirty (30) days of termination (the “**Repayment Period**”). If not returned within the Repayment Period (due to sanctions or otherwise), Interest shall be payable.
- 24.8 If after Delivery and Acceptance, but before the expiry of the Guarantee Period:
- (a) the Buyer becomes a Sanctioned Person, the Guarantee Period and obligations of the Builder thereunder shall cease with immediate effect; or
  - (b) the Builder becomes a Sanctioned Person, or the performance of its obligations under the Contract otherwise become Sanctioned Activity, the Buyer may procure equivalent services, parts, or repairs from a third party and the Builder shall promptly reimburse the Buyer for all reasonably incurred expenses upon presentation of supporting documentation.
- 24.9 Each Party will, upon the request of the other Party and at its own expense, provide any documentation as may be reasonably necessary to comply with any request made by a Sanctions Authority.

## **25 GOVERNING LAW, DISPUTE AND ARBITRATION**

### **25.1 Governing Law**

- 25.1.1 This Contract shall be exclusively governed by and construed in accordance with **Norwegian** law.

### **25.2 Arbitration**

- 25.2.1 Any dispute arising out of or in connection with this Contract, including any disputes regarding the existence, breach, termination or validity thereof, shall be finally settled by arbitration under the Nordic Offshore and Maritime Arbitration Association’s (NOMA) Arbitration Rules in force at the time when such arbitration proceedings are commenced. The arbitral tribunal shall be composed of three arbitrators unless otherwise agreed.
- 25.2.2 If the aggregate amount of the claim and counterclaim in dispute does not exceed NOK 5,000,000 (or the equivalent amount in the currency of the Contract Price) or such other sum as the Parties may agree, the arbitration shall be conducted in accordance with the NOMA Fast Track Arbitration Rules in force at the time when arbitration proceedings are commenced. The arbitral tribunal shall in such case be composed of one arbitrator unless otherwise agreed.
- 25.2.3 During the arbitration, the NOMA Best Practice Guidelines shall be taken into account.
- 25.2.4 The place of arbitration shall be [●] and the language of the arbitration shall be [●].\*
- 25.2.5 A Party who seeks an amicable solution and settlement of the dispute may at any time, either prior or subsequent to the commencement of arbitration, initiate mediation according to the

NOMA Mediation Rules by submitting to the other Party a written request for NOMA Mediation. An agreement to mediate does not preclude a Party from initiating arbitration.

*\*If Clause 25.2.4 has not been filled out, the place of arbitration shall be Bergen, Norway and the language of the arbitration shall be Norwegian. However, if one of the Parties is domiciled outside of Norway, the language of the arbitration shall be English.*

\* \* \*

For and on behalf of the Builder

For and on behalf of the Buyer

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Name:

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Name:

Title:

Title:

### **Appendices**

- I      Limitation of Liability for Design**
- II     Progressive Title**
- III    Specifications and List of Drawings**
- IV    Maker's List**
- V     List of Buyer's Supplies**
- VI    Form of Refund Guarantee**

## APPENDIX I                    LIMITATION OF LIABILITY FOR DESIGN AND ENGINEERING

1. If the Parties have agreed in Clause 2.1 of the Standard Form Shipbuilding Contract that this Appendix I shall apply, the Builder's liability for the design and engineering of the Vessel shall be limited in accordance with the following provisions.
2. The Builder shall construct the Vessel or parts thereof according to the design and engineering as set out in the Specifications, the general arrangement plan and other drawings (the "**Design Documents**") either provided by or based on documents provided by a designer (the "**Designer**") contracted under a separate design agreement entered into or to be entered into between the Builder and the Designer (the "**Design Agreement**").
3. The Parties agree that the Builder is entitled to fully rely on the Design Documents in producing the necessary detailed production drawings and in constructing the Vessel.
4. The Builder's liability for defects, deficiencies or delays in delivery of the Vessel resulting from errors or omissions in the Design Documents shall be limited to the liability of the Designer under the Design Agreement.
5. In case any errors or omissions in the Design Documents cause defects, deficiencies or delays in delivery of the Vessel which are not covered by the liability of the Designer under the Design Agreement, the Buyer shall be obliged to take delivery of the Vessel without rectification unless the Parties agree on modifications or changes pursuant to Clause 5.1 of the Standard Form Shipbuilding Contract.
6. The Builder shall, during the performance of the work under the Contract:
  - (a) conduct such professional assessment of the Design Documents as can be reasonably expected considering the Builder's technical competence;
  - (b) ensure that the Design Documents are sent to the Classification Society and/or Regulatory Bodies for their customary inspection and approval of the Design Documents (unless it follows from the Design Agreement that such tasks are to be conducted by the Designer); and
  - (c) notify the Buyer of any risks associated with the Design Documents that the Builder has become aware of.
7. If the Builder is in breach of Clause 6 of this Appendix I, the Builder's liability for the defects, deficiencies or delays resulting from the Builder's breach shall be limited to the higher of (i) 2.5% of the Original Contract Price or (ii) the liability of the Designer under the Design Agreement.

## **APPENDIX II            PROGRESSIVE TITLE**

1. If the Parties have agreed in Clause 11.1.1 of the Standard Form Shipbuilding Contract that this Appendix II shall apply, the following provisions shall apply.
2. Notwithstanding Clauses 3.5.5 and 5.1.4 of the Standard Form Shipbuilding Contract, the ownership of the Vessel under construction shall be as follows:
  - (a) If the Vessel's hull is being built at the Builder's Yard, the Buyer shall have the ownership and registered title to the Vessel under construction and no Refund Guarantee(s) shall be provided.
  - (b) If the Vessel's hull or major sections thereof is being built at a Hull Yard, the Builder shall initially have the ownership and registered title to the Vessel under construction. Upon delivery of the Vessel's hull from the Hull Yard to the Builder's Yard, the ownership and registered title to the Vessel under construction shall be transferred free and clear of all liens, claims, mortgages and other encumbrances of any kind from the Builder to the Buyer. No Refund Guarantees shall thereafter be provided and any Refund Guarantee(s) already issued shall be released by the Buyer concurrently with the transfer of title to the Vessel.
3. Notwithstanding Clause 11.1.2 of the Standard Form Shipbuilding Contract, the Buyer shall be entitled to mortgage the Vessel under construction as security in favour of its financiers upon obtaining title to the Vessel pursuant to Clause 2 of this Appendix II.
4. Upon receipt of equipment and components to which the Buyer has title, the Builder shall, without undue delay, mark these in a manner that clearly indicates that the Buyer has title to them. Furthermore, all equipment should, as far as practically possible, be stored separately.
5. The risk of loss of the Vessel and the obligation to insure the Vessel in accordance with Clause 11.2 and 11.3 of the Standard Form Shipbuilding Contract shall remain with the Builder until Delivery and Acceptance.
6. In case of termination of this Contract by the Buyer after ownership and registered title have been transferred to the Buyer pursuant to Clause 2 of this Appendix II, the Buyer shall (notwithstanding Clause 12.1.3 of the Standard Form Shipbuilding Contract) not be entitled to repayment of paid instalments. Instead, the following shall apply:
  - (a) The Builder shall:
    - (i) complete all works required as a minimum to permit the Vessel to depart from the Builder's Yard in a safe condition, remove its employees, agents and Subcontractors, together with their equipment, from the Vessel and render all necessary assistance to the Vessel in leaving the Builder's Yard;
    - (ii) deliver to the Buyer, solely for the purpose of the Buyer's completion of the Vessel, copies of necessary documents related to the construction of the Vessel which the Builder is able to provide;
    - (iii) transfer all subcontracts relating to the construction of the Vessel to the Buyer and the Buyer shall accept such transfer; and

- (iv) execute and deliver to the Buyer an original of the protocol of Delivery and Acceptance together with such other documents as set out in Clause 7.3 of the Standard Form Shipbuilding Contract.
  - (b) The risk of loss of the Vessel shall in such case transfer to the Buyer upon execution by the Buyer and the Builder of the protocol of Delivery and Acceptance following receipt by the Buyer of all the documentation listed above.
  - (c) Concurrently with the delivery of the Vessel as aforesaid, the Buyer shall pay to the Builder a proportionate part of the Contract Price corresponding to the progress in construction at the time of termination, plus the cost (at the Builder's standard hourly rates) of any pre-departure work and assistance pursuant to Clause 6 (a) of this Appendix II, less the instalments already paid by the Buyer.
  - (d) In the event of any disagreement as to the amount to be paid by the Buyer as set out hereinabove, Clause 3.5.7 of the Standard Form Shipbuilding Contract shall apply.
  - (e) Save for the Builder's obligations as set out above, the Builder shall have no liability for any other loss suffered by the Buyer caused by termination pursuant to this Clause 6.
7. In case of termination of this Contract by the Builder, the Builder shall be entitled to retain the Vessel under construction as security for the Builder's claims against the Buyer pursuant to Clause 12.2.3 of the Standard Form Shipbuilding Contract.

**APPENDIX III SPECIFICATIONS AND LIST OF DRAWINGS**

**APPENDIX IV      MAKER'S LIST**

**APPENDIX V LIST OF BUYER'S SUPPLIES**

**APPENDIX VI      FORM OF REFUND GUARANTEE**