



**PRIVATE AND CONFIDENTIAL**

**EMPLOYMENT OF MARITIME SECURITY GUARDS ON VESSELS  
AGREEMENT**

**BETWEEN**

**VEGACY STRATEGIC SERVICES LTD**

**Registration Number HE 307705  
Registered office: Office 101, Bridge Tower, Alexandria 4,  
CY 3013, Limassol, Cyprus**

**AND**

\_\_\_\_\_  
**Registration Number** \_\_\_\_\_  
**Registered office:** \_\_\_\_\_

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SAMPLE

This EMPLOYMENT OF MARITIME SECURITY GUARDS ON VESSELS AGREEMENT (Hereinafter the “**Agreement**”) is made as of the \_\_\_\_\_ .

BY AND BETWEEN:

**VEGACY STRATEGIC SERVICES LTD**

**Registration Number HE 307705,**  
**Registered office: Office 101, Bridge Tower 4, Alexandria,**  
**CY 3013, Limassol, Cyprus**  
**Tel/Fax: +357 25 349 991 Mob: +357 9677 5277, +357 99 830289**  
**e-mai:office@vegacyltd.com www.vegacyltd.com**  
(Hereinafter referred to as the "**Contractors**")

and

\_\_\_\_\_  
**Registration Number \_\_\_\_\_, Registered office: \_\_\_\_\_**  
**Tel : \_\_\_\_\_ Fax : \_\_\_\_\_**  
**E-mail :**  
(Hereinafter referred to as the "**Owners**")

(Hereinafter collectively the "**Parties**" and individually a "**Party**")

**NOW IT IS AGREED** as follows:

**PART 1**

**SECTION 1 – Definitions, Subject, Appointment and Duration**

**1. Definitions and Interpretation**

In this Agreement and APPENDIX, the following words and expressions shall have the meanings hereby assigned to them, unless the context otherwise requires:

- 1.1. "**Owners**" means the owners or despondent owners identified in APPENDIX (Schedule 3).
- 1.2. "**Contractors**" means the party identified in APPENDIX (Schedule 4).
- 1.3. "**Owners' Group**" means the Owners, the registered owner of the Vessel (if not the Owners), and each of their subsidiaries and/or affiliate companies, employees, directors, officers, agents and insurers, the Crew, and any persons permitted by the Master to travel on board the Vessel (save for the Security Personnel).
- 1.4. "**Contractors Group**" means the Contractors and their subsidiaries and/or affiliate companies, employees, sub-Contractors personnel (including, without limitation, the Security Personnel), directors, officers, agents and insurers.
- 1.5. "**BMP**" means, at the date of this Agreement, BMP4 (Best Management Practices for Protection Against Somalia Based Piracy) or such updated version as may have been introduced at the date of the Instruction Notice.

- 1.6. **"Crew"** means the Vessel's Master, officers and crew and any supernumeraries on board save for the Security Personnel.
- 1.7. **"Disembarkation Point"** means the place or places of disembarkation of Security Personnel stated in the Instruction Notice.
- 1.8. **"Embarkation Point"** means the place or places of embarkation of Security Personnel stated in the Instruction Notice.
- 1.9. **"Embarkation Time"** means the time and date stated in the Instruction Notice.
- 1.10. **"Firearms"** means the firearms and ammunition listed in APPENDIX (Schedule A - Security Equipment).
- 1.11. **"Flag State"** means the State whose flag the vessel is flying.
- 1.12. **"Instruction Notice"** means a request for the provision of Security Services in the form set out in the Instruction Notice.
- 1.13. **"MSCHOA"** means the, Maritime Security Centre (Horn of Africa).
- 1.14. **"Permits"** means, as the context requires, permits, certificates, licenses, consents, authorizations, permissions, approvals and visas.
- 1.15. **"Rules for the Use of Force"** means the rules under which the Security Personnel shall act as set out in APPENDIX (Schedule B - Rules for the Use of Force) and in accordance with Clause 13 (Master's Authority and Division of Responsibilities).
- 1.16. **"Security Equipment"** means the equipment listed in APPENDIX (Schedule A - Security Equipment), including the Firearms, if any.
- 1.17. **"Security Personnel"** means the personnel directly engaged or employed by the Contractors for the performance of the Security Services on board the Vessel.
- 1.18. **"Security Services"** means the services specified in Clause 4 (Security Services) and all other functions performed by the Contractors under the terms of this Agreement.
- 1.19. **"Standard Operating Procedures"** means the Contractors' standard operating procedures in accordance with which the Security Personnel will provide the Security Services as set out in APPENDIX (Schedule E - Standard Operating Procedures).
- 1.20. **"STCW"** means the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, 1978, as amended in 1995 and 2010 and any amendment thereto or substitution thereof.
- 1.21. **"Team Leader"** means a member of the Security Personnel designed by the Contractors as team leader and identified to the Owners.
- 1.22. **"Transit"** means any voyage under this Agreement or for which an Instruction Notice has been issued by the Owners for the provision of the Security Services.
- 1.23. **"UKMTO"** means the UK Maritime Trade Operations office in Dubai.
- 1.24. **"Vessel"** means the vessel or vessels details of which are set out in the Instruction Notice.
- 1.25. **"Confidential Information"** means information not generally known to third parties and which is proprietary to the Parties including information related to financing, organizational strategies, site location strategies, permitting strategies, design/build and other discussions and strategies, technical know-how, trade secret information, financial information, pricing policies, operational methods, marketing information including without limitation strategy, sales, business plans and techniques and other business affairs of the Parties. All information of the Parties in the frame of this agreement known and/or disclosed to the Parties shall be presumed to be Confidential Information.

## 2. Subject

2.1. Herewith, the Parties agreed that Owners appoint the Contractors and the Contractors hereby agree to provide Security Services to the Vessel.

2.2. The Contractors shall provide the Owners with the Security Services (Clause 4) and the Owners are obliged to pay for these Security Services in accordance with the terms and conditions of this Agreement.

2.3. If either Party reasonably considers changes are required to the specification of the Security Services to conform to any applicable law or regulatory requirement that may be brought in or enacted from time to time, that party shall implement such changes provided that nothing in this Clause shall require the Owners to agree fewer Security Personnel or higher fees under this Agreement.

2.4. This Agreement is not an exclusive appointment of the Contractors and if used for Multiple Transits the Owners do not guarantee a minimum number of Transits per year.

### **3. Appointment and Duration**

3.1 The Parties hereby agree that this Agreement refers to Multiple Transits and shall have an initial term of twelve (12) months from the commencement date as mentioned in APPENDIX (Schedule 2) and thereafter shall continue in force until terminated by either party giving not less than thirty (30) days' notice to the other party (whereupon this Agreement shall terminate, unless a Transit is then underway in which case this Agreement shall terminate upon disembarkation of the Security Personnel and the Security Equipment), unless earlier terminated in accordance with Clause 26 (Cancellation and Termination).

## **SECTION 2 - Security Services**

### **4. Security Services**

4.1. It is agreed that the Contractors shall provide the Owners with Security Personnel for a Transit comprising of a minimum of a **three (3)** man team consisting of one (1) Team Leader and two (2) or more Security Personnel and who shall commence the following:

- (i) embark the Vessel at the Embarkation Point (Sri Lanka port Gale) at the Embarkation Time 12.00 and accompany the Vessel to the Disembarkation Point;
- (ii) protect and defend the Vessel during Transit against any actual, perceived or threatened acts of piracy and/or violent robbery and/or capture/seizure.

4.2. The Security Personnel shall use such means which include the use of Security Equipment, where appropriate and always in accordance with the Rules for the Use of Force, relevant national laws and Standard Operating Procedures (as may be provided by the Contractors to the Owners); and act, during the Transit, upon the lawful instructions of the Master.

### **5. Transits**

5.1. The Owners shall notify the Contractors of their requirement for Security Services by issuing an Instruction Notice not less than ninety-six hours (96) hours prior the Embarkation Time.

5.2. The Contractors shall be obliged to provide Security Services for Transits only within the geographical scope of operation stated in APPENDIX (Schedule 6).

## **SECTION 3 – Fees and Expenses**

### **6. Fees and Expenses**

6.1. In consideration of the Security Services, the Owners shall pay the Contractors the fees and expense for the Transit in the currency and amount stated in the Final Invoice issued by the Contractor.

6.2. The amount of estimated fees and expenses to be agreed separately for each Transit prior to the Embarkation. Such estimated fees and expenses to be specified in the Proforma Invoices issued by Contractors.

6.3. The Contractors shall provide the Owners with Final Invoices not more than ten (30) days after Disembarkation specifying the fees due, if any are not covered under the Proforma Invoice, for the Security Services provided during the currency of any Instruction Notice or, as the case may be, this Agreement. The Final Invoice shall be settled within three (5) banking days as of the dispatch of same by the email.

### **7. Payments**

7.1. The Contractors shall render Proforma Invoice for the estimated fees and expenses in accordance with Clause 6 above and the Owners shall pay such Proforma Invoices issued to them by the Contractors within five (5) banking days as of the date of dispatch of Proforma Invoice by the email.

7.2. The Owners shall make payment of each Proforma Invoice by electronic transfer to the Contractors' bank account stated in APPENDIX (Schedule 9).

7.3. If the Owners require the Contractors to perform services additional to those set out herein, both parties will agree in writing, prior to such services being provided, on the nature of the additional services to be provided and the additional fees to be paid by the Owner.

7.5. If the Owners require the Embarkation Time to be re-scheduled for any reason, the Owners shall notify the Contractors in writing and the Embarkation Time will be re-scheduled to the Owners' chosen time and date provided that:

- (i) where the Owners give such notice at least forty-eight (48) hours before the original Embarkation Time, no financial penalty or additional fees will be incurred by the Owners and the daily rate will be payable from the re-scheduled Embarkation Time;
- (ii) where the Owners give such notice less than forty-eight (48) hours before the original Embarkation Time, the daily rate will be payable from the original Embarkation Time.

7.7. In the event that the Contractors submits a Proforma and/or Final Invoice to the Owners which is disputed, the Owners shall pay the Contractors all uncontested elements of such Proforma and/or Final Invoice on the due date and shall immediately notify the Contractors in writing of any disputed amount as soon as practicable.

7.8. If the Vessel is hijacked and the hijackers have control of the Vessel then all payments will be suspended and liability on the part of the Owners to pay the daily rate shall cease.

7.10. If the Proforma Invoice remains unpaid by the Owners for more five (5) days, the Contractors shall have the right to issue a written notice of default and the Owners shall have a further five (5) days in which to pay, failing which the Contractors shall have the right to suspend, cease, terminate the Security Services supplied under this Agreement without prejudice to its rights to recover any amounts due to it and/or terminate this Agreement in accordance with Clause 26 (Cancellation and Termination).

## **SECTION 4 - Obligations and Responsibilities**

### **8. Owners' Obligations and Responsibilities**

8.1. It is hereby agreed that the Owners' responsibilities shall consist of the following (and other responsibilities as may be agreed):

- (i) ensuring that the Contractors are provided with such access to the Vessel and other premises as may be necessary for the provision of the Security Services and providing such information and materials as the Contractors may reasonably require to provide the Security Services (which the Owners shall use reasonable endeavours to ensure is accurate in all material respects);
- (ii) paying all sums due to the Contractors punctually in accordance with the terms of this Agreement;
- (iii) being responsible for informing all interested parties, including but not limited to Flag State, hull and machinery underwriters, P&I underwriters, war risk underwriters and charterers, that the Vessel will be protected by a security team, and of any other relevant details, including whether the Security Personnel will be armed or unarmed;
- (iv) paying all usual voyage and Vessel expenses;
- (v) liaising with UKMTO and MSCHOA as appropriate and in accordance with the procedures set out in BMP;
- (vi) supplying and paying for all materials required to harden the Vessel;
- (vii) providing victualing and accommodation reasonably required for the Security Personnel at the Owners' expense during the provision of the Security Services equivalent to that provided to the Vessel's officers;
- (viii) providing a secure location for the storage and safe-keeping of any Firearms on board;
- (ix) deviating the Vessel at their cost to the nearest port or place for the purposes of the disembarkation of sick or injured Security Personnel;
- (x) ensuring that the Security Personnel are entered onto the Vessel's crew list as supernumeraries upon embarkation and are given ship-board familiarization training; and
- (X) to provide security personnel and high-quality daily three meals a day and a necessary quantity of drinking water. Provide accommodation for security personnel in the cabins, located near the bridge of a ship.



## **9. Contractors' Obligations and Responsibilities**

9.1. The Contractors undertake to provide the Security Services using all reasonable skill and care and their responsibilities shall include the following (and other responsibilities as may be agreed):

- (i) providing general guidance to the Crew and also carrying out such drills, training and preparations for the Transit as the Contractors may recommend to the Master and the Master may agree;
- (ii) advising and/or assisting with the hardening of the Vessel in accordance with Owners' instructions and, where applicable, in accordance with the guidance of BMP;
- (iii) monitoring suspicious vessels or craft during the Transit;
- (iv) advising the Master on security-related routing issues;
- (v) assisting the Master in liaising with UKMTO and MSCHOA and other authorities as appropriate and in accordance with the procedures set out in the BMP;
- (vi) providing post-Transit reports to the Owners;
- (vii) ensuring that at no time the Crew are permitted to handle the Firearms;
- (viii) providing and maintaining the resources to perform the Security Services in accordance with the terms of this Agreement;
- (ix) establishing and maintaining an operational point of contact available twenty-four (24) hours a day prior to and during the deployment of the Security Personnel to deal with operational issues and queries arising out of the performance of the Security Services, whose contact details are as stated in APPENDIX (Schedule 14); and
- (x) arranging transportation from the Vessel at their cost, of sick or injured Security Personnel.

9.2. The Contractors shall provide suitably qualified and experienced Security Personnel for the Vessel as required by the Owners and undertake that:

- (i) each of the Security Personnel has:
  - a) passed a medical examination with a doctor certifying that they are fit for the duties for which they are engaged and are in possession of valid medical certificates (ENG1 Medical or equivalent) issued in accordance with Flag State requirements or such higher standard of medical examination as may be agreed with the Owners. In the absence of any applicable Flag State requirements the medical certificate shall be valid at the time the respective Security Personnel member arrives on board the Vessel and shall be maintained for the duration of their service on board the Vessel;
  - b) relevant STCW and, where applicable, BMP training;
  - c) relevant experience and suitable training in the use and carriage of the Firearms, if any, and the other Security Equipment and all necessary personal handling licenses and certificates;
  - d) a valid passport, appropriate visas, and a yellow fever card;

- e) no criminal convictions that would ordinarily preclude them from applying for and/or holding a firearms certificate or equivalent from their country of origin and on request they shall produce substantiating evidence of such checks/certificates;
  - f) prior military or law enforcement service or other service acceptable to the Owners;
  - g) not been discharged for any disciplinary reasons from military, law enforcement or other service;
  - h) a command of the common working language between members of the Security Personnel and the Master, and has a command of the English language; in each case of a standard to enable him to perform his duties safely; and
  - i) a level of mental and physical fitness appropriate to the provision of the Security Services in the circumstances contemplated by this Agreement;
- (ii) the Team Leader has prior experience of performing services equivalent to the Security Services on board a merchant vessel; and at least one member of the Security Personnel has been trained in first aid trauma treatment.

### 9.3. The Contractors shall:

- (i) provide and maintain insurance in accordance with Clause 12 (Insurance Policies);
- (ii) be responsible for the management of the Security Personnel, for the payment of salaries and all other benefits and emoluments and/or all other payments whatsoever and for the provision of accident and medical expense insurance (in accordance with Clause 12 (Insurance Policies)) for the Security Personnel during the term of this Agreement; and
- (iii) provide the Security Equipment, compliant with all applicable rules and regulations, and maintained for the satisfactory provision of the Security Services on board the Vessel. The Security Equipment shall be securely transported to and from the Vessel at the Contractors' risk.

### 9.4. Contractors' Right to Sub-Agreement

- (i) The Contractors shall not sub-contract any of their obligations hereunder without the prior written consent of the Owners. In the event of such permitted sub-contracting the Contractors shall remain fully liable for the due performance of their obligations under this Agreement.
- (ii) Where the Contractors sub- contract personnel (or a company substantially all of whose shares are owed by an individual) who are not in the direct employment of the Contractors, the Contractors shall ensure that such sub-contracted personnel agree to be bound by all the terms and conditions of this Agreement.

## **SECTION 5 - Permits and Licenses**

### **10. Permits and Licenses**

10.1. The Contractors undertake that they shall obtain and maintain any and all Permits which may be required in order for the Contractors and the Security Personnel to undertake the Security Services

using any Firearms and other Security Equipment. Such Permits shall include (as necessary) those required under the laws of:

- (i) the country of incorporation and/or operation of the Contractors;
- (ii) the country in which each of the Security Personnel takes his nationality; and
- (iii) the countries of Embarkation Point/Disembarkation Point.

10.2. Details of Permits (as necessary) held by the Contractors for these purposes are set out in APPENDIX (Schedule 7).

10.3. It is hereby agreed that the Owners shall obtain and maintain any and all Permits which may be required for the Vessel to carry the Security Personnel on board the Vessel and/or for the performance of the Security Services on board the Vessel including the carriage and use of any Firearms and the other Security Equipment.

10.4. For the avoidance of doubt:

- (i) If the Contractors have not obtained the required Permits in accordance with Sub-clause 10.1. above, the Contractors shall indemnify the Owners for any fines, penalties, losses, costs, legal fees and disbursements as a result of the Contractors' failure to perform such obligations.
- (ii) If the Owners have not obtained the required Permits in accordance with Sub-clause 10.2. above, the Owners shall indemnify the Contractors for any fines, penalties, losses, costs, legal fees and disbursements as a result of the Owners' failure to perform such obligations.

10.5. Each party shall provide the other party with a copy of the required Permits upon request.

## **Section 6 - Taxes and Insurance**

### **11. Taxes**

11.1. Subject to Sub-clause 11.4., the Owners shall be responsible for the payment of all taxes, duties, levies, charges and contributions (and any interest or penalties thereon) imposed by law on the Owners' property or personnel (including, without limitation, the Vessel and the Crew), whether or not they are calculated by reference to the wages, salaries, benefits or expenses and other remuneration paid directly or indirectly to persons engaged or employed by the Owners.

11.2. The Contractors shall be responsible for the payment of all taxes, duties, levies, charges and contributions (and any interest or penalties thereupon) imposed by law on the Contractors' equipment or personnel (including, without limitation, the Security Equipment and the Security Personnel), whether or not they are calculated by reference to the wages, salaries, benefits or expenses and other remuneration paid directly or indirectly to persons engaged or employed by the Contractors.

11.3. Where any taxable supply for VAT (or equivalent Indirect sales tax) purposes is made under the Agreement by the Contractors to the Owners, the Owners shall, on receipt of a valid VAT invoice from the Contractors, pay to the Contractors such additional amounts in respect of VAT as are chargeable on the supply of the Security Services at the same time as payment is due for the supply of the Security Services.

11.4. Withholding taxes shall be for the Contractors' account. Any amounts paid by the Owners to the Contractors hereunder shall be net of any withholding taxes required to be deducted from such amounts by relevant taxation authorities, in which case the Owners shall supply the Contractors with a certificate from the relevant taxation authorities that such withholding taxes have been paid. The Owners shall take reasonable steps to make all relevant information and documentation available to the Contractors to enable them to reduce or eliminate any withholding taxes demanded by any taxation authority, or in recovering such withholding taxes.

## **12. Insurance Policies**

12.1. The Contractors shall at all times during the period of this Agreement maintain insurances to cover their liabilities and contractual indemnities, including those under Clause 16 (Liabilities and Indemnities), as follows:

- (i) employer's liability insurance covering the Contractors' liability to the Security Personnel;
- (ii) comprehensive liability insurance including insuring the Contractors' liability to third parties for personal injury and death, property damage and other loss;
- (iii) professional indemnity insurance; and
- (iv) personal accident insurance for each of the Security Personnel in a sum not less than United States Dollars two hundred and fifty thousand (US\$250,000) per person.

12.2. The policies above shall provide the Contractors with cover for emergency medical expenses and repatriation costs.

12.3. The Contractors shall ensure that the use of Firearms or Security Equipment whilst on board shall not invalidate the above insurances.

12.4. These insurances shall be placed with reputable insurers and in respect of the insurances listed in Sub-clauses 12.1.(i) to 12.1.(iii) shall have the following:

- (i) policy limits not less than United States Dollars five million (US\$5,000,000) or as stated in APPENDIX (Schedule 8), whichever is the higher amount; and
- (ii) reasonable deductibles (by reference to market practice), which deductibles shall be for the account of the Contractors. The Contractors shall upon request furnish the Owners with copied of the cover notes which provide information to verify that the Contractors have complied with the insurance requirements of this Agreement.

12.5. The Owners confirm that the Vessel is entered with a P&I Club that is a member of the International Group of P&I Clubs or another internationally reputable marine liability insurer.

12.6. The Owners shall be under no obligation to disclose existence of any kidnap and ransom (K&R) insurance they may have placed. In any event, if there is K&R or similar insurance in place, the Contractors acknowledge that such a policy may not respond in respect of the Security Personnel in circumstances where they are not on board the Vessel.

12.7. Each of the parties shall use reasonable endeavours to ensure that its underwriters waive their rights of subrogation against the other party.

12.8. For purposes of this Clause 12 (Insurance Policies) rights extended to the Owners and Contractors shall be extended to Owner's Group and Contractors' Group respectively (as such expressions are defined in Sub-clauses 1.3. and 1.4. of Clause 1 (Definitions and Interpretation)).

## **SECTION 7 – Master's Authority, Division of Responsibilities and Hijacking**

### **13. Master's Authority and Division of Responsibilities**

13.1. The Master shall, at all times throughout the duration of this Agreement and the performance of the Security Services, have and retain ultimate responsibility for the safe navigation and overall command of the Vessel. Any decisions made by the Master shall be binding and the Contractors undertake to instruct the Security Personnel accordingly.

13.2. In the event of any actual, perceived or threatened act of piracy and/or violent robbery and/or capture/seizure by third parties the Team Leader shall advise the Master or (in the Master's absence) the Officer of the Watch that he intends to invoke the Rules for the Use of Force.

13.3. Each of the Security Personnel shall always have the sole responsibility for any decision taken by him for the use of any force, including targeting and weapon discharge, always in accordance with the Rules for the Use of Force and applicable national law.

13.4. Nothing in this Agreement shall be construed as a derogation of the Master's authority under SOLAS. Accordingly, the Master retains the authority to order the Security Personnel to cease firing under all circumstances. However, for the avoidance of doubt, nothing in this Clause shall compromise each of the Security Personnel's right of self-defense in accordance with applicable national law.

### **14. Hijacking**

14.1. The Contractors do not guarantee the safety of the Vessel or Crew during the provision of the Security Services. If the Vessel is hijacked:

(i) The Contractors shall be entitled to be briefed by the Owners' Incident Management Team or other relevant person(s) in charge of the management of the hijacking incident. The Contractors shall be entitled to receive regular weekly reports as to the progress of the negotiations.

(ii) The Contractors and Security Personnel shall not do anything to endanger the lives of the Crew and/or other persons permitted by the Master to travel on board the Vessel.

(iii) The Contractors shall be under no obligation to contribute to ransom payments to secure the release of the Vessel and Crew (whether or not the Security Personnel are on board the Vessel at the time of release).

(iv) Master and the Crew shall act in accordance with the Team Leader's instructions in regard to the safety of Vessel, Crew and Cargo. In case of ignorance of such instructions or if their actions clearly affects safety of the Vessel, Crew and/or Cargo, the Contractor may act as he considers and he shall inform the Owner accordingly. In such a case Contractor does not bare any responsibility for any/all losses, damages occurred as a result of such actions of the Master and the crew.

## **SECTION 8 - Investigations and Claims**

### **15. Investigations and Claims**

15.1. Following any incident where a discharge of Firearms occurs, the Master and the Team Leader shall provide formal written records of the incident as may be required by applicable national law.

15.2. If an incident takes place which leads to an investigation by the Owners and/or Flag State and/or other authorized body, the Contractors shall cooperate such an investigation.

15.3. Each party shall assist the other party in defending any third party claims arising out of the provision of the Security Service, in which reasonable costs of such assistance shall be borne by the defending party.

## **SECTION 9- Legal and Liabilities**

### **16. Liabilities and Indemnities**

#### 16.1. Knock-for-knock

##### (i) Owners

The Owners' Group shall not be responsible for loss of or damage caused to or sustained by the property of the Contractors' Group (whether on board the Vessel or not) or incur any liability in respect of personal injury, illness or death of any individual member of the Contractors' Group on board the Vessel or not) arising out of or in any way connected with the performance of this Agreement, even if such loss, damage, injury or death is caused wholly or partially by (a) the act, neglect or default of the Owners' Group and/or (b) the unseaworthiness of the Vessel. The Contractors expressly agree and undertake to hold harmless, defend, indemnify and waive all rights of recourse against the Owners' Group from and against any and all claims, demands, liabilities or causes of action of any kind or character, made by or available to any person or party, for injury to, illness or death of any of the Contractors' Group, or for damage to or loss of property (except cargo) owned by or in the possession of the Contractors' Group.

##### (ii) Contractors

The Contractors' Group shall not be responsible for loss of or damage caused to or sustained by the property of the Owners' Group (including without limitation, the Vessel) or incur any liability in respect of personal injury, illness or death of any individual member of the Owners' Group (whether on board the Vessel or not) arising out of or in any way connected with the performance of this Agreement, even if such loss, damage, injury or death is caused wholly or partially by the act, neglect or default of the Contractors' Group. The Owners expressly agree and undertake to hold harmless, defend, indemnify and waive all right of recourse against like Contractors' Group from and against any and all claims, demands, liabilities or causes of action of any kind or character, made by or available to any person or party, for injury to, illness or death of any of the Owners' Group, or for damage to or loss of property (except cargo, unless owned by Owners' Group) owned by or in the possession of, the Owners' Group.

#### 16.2. Third party liability

(i) The Contractors expressly agree to hold harmless, defend, indemnify and waive all rights of recourse against the Owners' Group from and against any and all claims, demands, liabilities, costs or causes of action of any kind, made by or available to any third party (including, without limitation, governmental authorities) arising out of any unlawful and/or negligent act or omission by the Contractors Group in the performance of this Agreement save to the extent of the Owners' own negligence.

(ii) The Owners expressly agree to hold harmless, defend, indemnify and waive all rights of recourse against the Contractors Group from and against any and all claims, demands, liabilities, costs or causes of action of any kind, made by or available to any third party (including, without limitation, governmental authorities) arising out of any unlawful and/or negligent act or omission by the Owners' Group in the performance of this Agreement save to the extent of the Contractors' own negligence.

(iii) Notwithstanding any other Clause of this Agreement save for Sub-clause 16.3. below, the Owners' Group shall be indemnified by the Contractors for all claims, liabilities, losses, liabilities to Crew and third parties (including costs, expenses and fines) whatsoever and howsoever arising out of or in connection with the accidental and/or negligent discharge of any Firearms by the Security Personnel.

(iv) Each party shall give notice to the other party as soon as practicable of any circumstances of which they become aware during the period of the Agreement which may give rise to a loss or a claim against the other party. The party from whom the indemnity is being sought shall cooperate fully with the other party and shall have the right, subject to the other party's agreement, to take over the claim including defending and settling, as appropriate, any liability for which the indemnifying party would be liable to indemnify the other party.

### 16.3. Limitation of liability

Unless otherwise agreed, the liability of each party to the other for any loss, damage, liability or indemnity under this Agreement shall be limited to United States Dollars five million (US\$5,000,000) or as stated in APPENDIX (Schedule 8), whichever is the higher amount, without prejudice to the right of the Owners' Group to limit their liability under any applicable national law or international convention.

### 16.4. Neither the Owners nor the Contractors shall be liable to th

e other party for:

(i) any loss of profit, loss of use or loss of production whatsoever and whether arising directly or indirectly from the performance or non-performance of this Agreement, and whether or not the same is due to negligence or any other fault on the part of either party, their servants or agents; or

(ii) any consequential loss or damage for any reason whatsoever, whether or not the same is due to any breach of Agreement, negligence or any other fault on the part of either party, their servants or agents.

## **17. Security Personnel Liability**

17.1. None of the Security Personnel shall in any circumstances whatsoever be under any personal liability whatsoever to the Owners for any loss, damage or delay of whatsoever kind arising or resulting directly or indirectly from any act, neglect or default on his part while acting in the course of or in connection with his employment and, without prejudice to the generality of the foregoing provisions in this Clause, every exemption, limitation, condition and liberty herein contained and every right, exemption from liability, defense and immunity of whatsoever nature applicable to the Contractors or to which the Contractors are entitled hereunder shall also be available and shall extend to protect each of the Security Personnel acting as aforesaid and for the purpose of all the foregoing provisions of this Clause the Contractors are or shall be deemed to be acting as agent or trustee on behalf of and for the benefit of all persons who are or might be his servants or agents from time to time (including sub-contractors as aforesaid) and all such persons shall to this extent be or be deemed to be parties to this Agreement.

## **18. Security Personnel – Waiver**

18.1. The Contractors undertake to procure from each member of the Security Personnel, prior to their boarding the Vessel, individual waivers in substantively the form attached to this Agreement in APPENDIX (Schedule F - Individual Waiver).

## **19. Delay**

19.1. The Contractors shall use their best endeavours to avoid delays in embarkation and/or disembarkation of the Security Personnel and Security Equipment but shall not be responsible for the first twenty-four (24) hours of any delay, prior to the actual time and date of embarkation/disembarkation.

## **20. Dispute Resolution**

20.1. This Agreement and any non-contractual obligations arising out of it shall be governed by and construed in accordance with English law and any dispute arising out of or in connection with this Agreement shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause.

The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.

The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within fourteen (14) calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the fourteen (14) days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within the fourteen (14) days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both parties as if he had been appointed by Agreement.



Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.

In cases where neither the claim nor any counterclaim exceeds the sum of United States Dollars one hundred thousand (US\$100,000) (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.

~~20.2. This Agreement and any non-contractual obligations arising out of it shall be governed by and construed in accordance with Title 9 of the United States Code and the substantive law (not including the choice of law rules) of the State of New York and any dispute arising out of or in connection with this Agreement shall be referred to three persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision or that of any two of them shall be final, and for the purposes of enforcing any award, judgment may be entered on an award by any court of competent jurisdiction. The proceedings shall be conducted in accordance with the rules of the Society of Maritime Arbitrators, Inc.~~

~~In cases where neither the claim nor any counterclaim exceeds the sum of United State Dollars one hundred thousand (US\$100,000) (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the Shortened Arbitration Procedure of the Society of Maritime Arbitrators, Inc. current at the time when the arbitration proceedings are commenced.~~

~~20.3. This Agreement and any non-contractual obligations arising out of it shall be governed by and construed in accordance with the laws of the place mutually agreed by the parties and any dispute arising out of or in connection with this Agreement shall be referred to arbitration at a mutually agreed place, subject to the procedures applicable there.~~

20.4. Notwithstanding Sub-clauses 20.1., 20.2. or 20.3. above, the parties may agree at any time to refer to mediation any difference and/or dispute arising out of or in connection with this Agreement.

(i) In the case of a dispute in respect of which arbitration has been commenced under Sub-clauses 20.1., 20.2. or 20.3. above, the following shall apply:

(ii) Either party may at any time to time elect to refer the dispute or part of the dispute to mediation by service on the other party written notice (the "Mediation Notice") calling on the other party to agree to mediation.

(iii) The other party thereupon within fourteen (14) calendar days of receipt of the Mediation Notice confirm that they agree a mediator which case the parties shall thereafter agree a mediator within a further fourteen (14) calendar days, failing which on the application of either party a mediator will be appointed promptly by the Arbitration Tribunal ("the Tribunal") or such person as the Tribunal may designate for that purpose. The mediation shall be conducted in such place and in accordance with such procedure and on such terms as the parties may agree or, in the event of disagreement, as may be set by the mediator.

(iv) If the other party does not agree to mediate, that fact may be brought to the attention of the Tribunal and may be taken into account by the Tribunal when allocating the costs of the arbitration as between the parties.

(v) The mediation shall not affect the right of either party to seek such relief or take such steps as it considers necessary to protect its interest.

(vi) Either party may advise the Tribunal that they have agreed to mediation. The arbitration procedure shall continue during the conduct of the mediation but the Tribunal may take the mediation timetable into account when setting the timetable for steps in the arbitration.

(vii) Unless otherwise agreed or specified in the mediation terms, each party shall bear its own costs incurred in the mediation and the parties shall share equally the mediator's costs and expenses.

(viii) The mediation process shall be without prejudice and confidential and no information or documents disclosed during it shall be revealed to the Tribunal except to the extent that they are disclosable under the law and procedure governing the arbitration.

(Note: The parties should be aware that the mediation process may not necessarily interrupt time limits.)

20.5. If APPENDIX (Schedule 11) is not appropriately filled in, Sub-clause 20.1. of this Clause shall apply.

*Note: Sub-clauses 20.1., 20.2. and 20.3. are alternatives; indicate alternative agreed in APPENDIX (Schedule 11), Sub-clause 20.4. shall apply in all cases.*

## **21. Compliance with Laws and Regulations**

21.1. Each of the Parties shall not do or permit to be done anything which might cause any breach or infringement of national laws and international conventions, including, without limitation, regulations of the Flag State and the places where the Vessel trades.

## **22. Health, Safety and Environmental Regulations**

22.1. Whilst on board the Vessel, the Contractors and the Security Personnel shall comply with such of the Owners' health and safety requirements as the Owners may have notified to the Security Personnel.

## **23. Drug and Alcohol Policy**

23.1. The Security Personnel shall not bring or consume alcohol or drugs on board the Vessel.

## **24. No Salvage**

24.1. The Contractors and the Security Personnel hereby waive their rights to claim any award for salvage performed on the Vessel or life salvage.

## **SECTION 10 - Cancellation and Termination**

### **25. Pre-Transit Cancellation**

25.1. If an embarkation of Security Personnel and/or Security Equipment in respect of any Transit is delayed by more than twenty-four for any reason whatsoever other than Owners' default, the Owners shall be entitled to cancel the Transit forthwith.

25.2. If a Transit is cancelled by the Owners, other than by reason of delay above, the Owners shall pay to the Contractors:

(i) on cancellation with less than seventy two (72) hours notice, ten per cent (10%) of the fees for the estimated Transit as per the Proforma Invoice;

(ii) on cancellation with less than forty-eight (48) hours notice, thirty per cent (30%) of the fees for the estimated Transit as per the Proforma Invoice; or

(iii) On cancellation with less than twenty-four (24) hours notice, fifty per cent (50%) of the fees for the estimated Transit period as per the Proforma Invoice.

## **26. Termination**

26.1. The Owners may terminate this Agreement forthwith at any time by written notice if the Flag State either withdraws or does not in the first instance agree in writing to permit and give the Flag State authorisation or license necessary for the Security Services provided under this Agreement.

26.2. The Contractors may terminate this Agreement forthwith at any time by written notice if any undisputed sums remain unpaid under the terms of this Agreement for five (5) days after receipt by the Owners of the Contractors' written notice of default in payment.

26.3. Either party may terminate this Agreement forthwith by giving notice in writing to the other if the other party:

(i) is in material breach of its obligations under this Agreement and, save as provided for breach of payments provided in Sub-clause 26.2. above, fails to remedy that breach (if remediable) within twenty-four (24) hours of receiving notice of such breach from the innocent party; or

(ii) becomes bankrupt or insolvent, or has a receiving order made against it, or compound with its creditors, or being a corporation commences to be wound up (not being a members' voluntary winding up for the purpose of amalgamation or reconstruction) or carries on its business under a receiver for the benefit of its creditors or any of them. Under any of these circumstances the other party shall be at liberty to terminate this Agreement forthwith by notice in writing to the party or to the receiver or liquidator or to any person in whom this Agreement may become vested

(iii) Upon termination of this Agreement:

(a) the Owners shall pay any and all sums then due and payable by the Owners under the terms of this Agreement; and

(b) the Contractors shall discontinue performance of the Security Services and disembark the Security Personnel and the Security Equipment from the Vessel as soon as reasonably practicable and safe to do so and will otherwise comply with the Owners' reasonable instructions regarding such termination.

26.4. Clause 16 (Liabilities and Indemnities), Clause 17 (Security Personnel Liability), Clause 20 (Dispute Resolution) and Clause 28 (Confidentiality and Disclosure) shall survive the termination of this Agreement.

26.5. The right to terminate in this Clause is without prejudice to any other rights or remedies the party terminating the Agreement may have in this Agreement.

## **Section 11 - GENERAL**

### **27. Assignment**

27.1. The Contractors shall not assign any of their rights under this Agreement without the prior written consent of the Owners, such consent not to be unreasonably withheld or delayed.

27.2. The Owners shall not assign any of its rights under this Agreement without the prior written consent of the Contractors, save where such assignment is to a member of its Group.

### **28. Confidentiality and Disclosure**

28.1. Neither the Owners nor the Contractors shall disclose, copy, use or enable any third party to use, copy, or have access to any confidential information relating to pre-contractual discussions and/or the terms and conditions of this Agreement, except with the prior written consent of the other party, or to the extent required by law, or by a request of a Government or agency thereof.

28.2. The parties shall take reasonable precautions to ensure that no unauthorized disclosure of confidential information takes place.

28.3. If the Contractors or the Owners are uncertain as to whether Information is confidential, the Contractors or the Owners (as the case may be) shall consult with the other party.

28.4. Should the Contractors or the Owners be required by law to disclose confidential information, the disclosing party will notify the other party and shall disclose only the minimum confidential information required to satisfy legal requirements.

28.5. Neither party shall comment upon nor discuss this Agreement nor any incident related to it with the media without the permission of the other party.

28.6. Information is not confidential for the purposes of this Clause if it was in the possession of the party prior to receipt from the Owners or the Contractors; becomes publicly available other than as a result of a breach of this Agreement by one of the parties; or is lawfully received from a third party.

28.7. This Clause shall survive termination of this Agreement.

### **29. Territory**

29.1. The territory for the services to be performed by the Contractors is specified in the APPENDIX (Schedule 6) and/or any other areas as designated by the Owners from time to time.

### **30. Notices**

30.1. Any party giving notice under this Agreement shall ensure that it is effectively given and such notice shall be treated as received during the recipients' office hours. If such notice is sent outside the recipients' office hours it shall be treated as received during the recipients' next working day. For the purpose of giving notices the Owners' contact details are stated in APPENDIX (Schedule 13) and the Contractors' contact details are stated in APPENDIX (Schedule 14).

### **31. Third Party Rights**

31.1. Except to the extent provided in Clause 16 (Liabilities and Indemnities) and Clause 17 (Security Personnel Liability), no third parties may enforce any term of this Agreement.

**32. Partial Validity**

32.1. If any provision of this Agreement becomes or is held by any arbitrator or other competent body to be illegal, invalid or unenforceable in any respect under any law or jurisdiction, the provision shall be deemed to be amended to the extent necessary to avoid such illegality, invalidity or unenforceability, or, if such amendment is not possible, the provision shall be deemed to be deleted from this Agreement to the extent of such illegality, invalidity or unenforceability, and the remaining provisions shall continue in full force and effect and shall not in any way be affected or impaired thereby.

**33. Entire Agreement**

33.1. This Agreement constitutes the entire Agreement between the parties and no promise, undertaking, representation, warranty or statement by either party prior to the date stated in APPENDIX (Schedule 2) shall affect this Agreement. Any modifications of this Agreement shall not be of any effect unless in writing signed by or on behalf of the parties.

**34. Signatures**

**IN WITNESS** whereof, the present Agreement has been signed in two (2) originals and both Parties received one (1), having initialed every page to indicate understanding herein.

Signature: \_\_\_\_\_

For and on behalf of: VegaCY Strategic Services Ltd  
Name: Anatolii Smolin  
Title: Director  
Date:

Signature: \_\_\_\_\_

For and on behalf of:  
Name:  
Title:  
Date:

## APPENDIX

### PART 2

#### EMPLOYMENT OF SECURITY GUARDS ON VESSELS AGREEMENT

##### **SCHEDULE 1**

Place of contract commencement:

##### **SCHEDULE 2**

Date of commencement of Contract:

##### **SCHEDULE 3**

Owners

- 1) Name:
- 2) Place of registered office:
- 3) Registration Number:

##### **SCHEDULE 4**

Contractors

- 1) Name: **Vegacy Strategic Services Limited**
- 2) Place of registered office: Office 101, Bridge Tower, Alexandria 4, CY 3013, Limassol, Cyprus
- 3) Registration Number: **HE 307705**

##### **SCHEDULE 5**

Security Services (state which services apply):

Firearms (tick one option only): Yes

No

##### **SCHEDULE 6**

Geographical scope of operation/Territory: **Indian Ocean, the Gulf of Aden, Red Sea, Suez Canal, Mediterranean Sea, West Cost of Africa**

##### **SCHEDULE 7**

**Contractors' Permits (listing of national operating and trade control licences)**

- Vegacy is a member of ICOC, ICPTA and NRA (American Weapon Association)
- These rules which are based on the ISPS code, IMO recommendations, BMP4, ICoC, the ship's Flag State, Ship-owner/Operator, Insurance Company and the ship's Master will be approved by the parties

concerned before embarkation of our Security Teams.

- VEGACY Strategic Services Ltd is offering the following services in relation to the provisions of the Law 77 (I) of 2012 (The Protection of Cyprus Ships, Against Acts of Piracy and other unlawful acts).
- VEGACY Strategic Services Ltd has LICENCES:
  - Certificate number PSSC 33/1, Private Ship Security Company Certificate by Republic of Cyprus (issued 23/01/2013- expire 22/01/2015)
  - Exclusive Distribution Appointment dated 01/03/2011 by CSA( Czech Small Arms s.r.o.)
  - Air Transportation of Weapons dated 27/05/2013 by Ministry of Defence and Urban Development Sri-Lanka
  - Arm Permission dated 2/06/2012 by Mongolia Ship Registry Pte Ltd
  - Multiple Import and Export Permit dated 11/06/2013 by Suid-Afrikaanse Polisiediens
  - Membership National Rifle Association of America dated 16/06/2011 by Association at Fairfax, Virginia
- All the staff are certified and has following Certificates:
  - Certificate OMTC Management System Certified by DNV Standart for Certification of Maritime Training Centers
  - Certificate of Private Military Contractor Training Course by European Security Academy
  - Certificates of expert in narcology and psychiatrist on a guard and weapon

## **SCHEDULE 8**

Contractor's Insurance policy limits:

**Fenchurch Faris Hellas Ltd. Insurance & Reinsurance Consultants & Brokers 11 Nirvana St, Voula. 16673, Greece**

**T: +30 210 894 7518 • F: +30 210 894 7520**

**Policy limits not less than United States Dollars five million (US\$5,000,000).**

**Accidental death and dismemberment and permanent total disablement for amount insured USD 250,000 per insured person and USD 1,250,000 in the aggregate each insured trip.**

**Medical expenses for the amount insured USD 250,000 each and every claim excess of USD 250 each and every claim.**

## **SCHEDULE 9**

*Contractors' Bank Details:*

**VEGACY STRATEGIC SERVICES LTD**

Bankers: Hellenic bank  
Swift code: HEBACY2N  
Euro Account:240-01-601775-01

USD Account № 240 07 601775 01  
IBAN: CY35 0050 0240 0002 4007 6017 7501

#### **SCHEDULE 10**

Cancellation Rates (state currency and amount):

The Cancellation Fees are calculated in accordance with the Section 10 , paragraph 25 (i) (ii) (iii)

#### **SCHEDULE 11**

Dispute Resolution (state alternative 20.1., 20.2., 20.3. if 20.3. agreed, place of arbitration must be stated in Clause 20)

As per Clause 20.1

#### **SCHEDULE 12**

Additional clauses, if any, covering special provisions:

Agreed by the Parties, the Owners may pay separately and independently (and provide) transfer - delivery departure of the security personnel at the port of destination and port of arrival, through its agents. In such a case, the amount spent will deducted from the amount the Owner final invoice (or Owner returns)

This paragraph states that the exclusive right of the command:

-The Guards acts by the guidance of the Master of the Vessel and in the questions of use of weapons, except: due to exigent circumstances, a clear threat to the life and health of the crew, the threat of illegal entry to board and capture the Vessel the Guards may use weapons and other means of self-defense against pirates.

-In the case of seizure of the Vessel – to use all possible strength, resources, tactics and strategies to protect the vessel, cargo, crew and passengers. To subserve to the special operations forces to subserve the police, Army Navy to release the hostages, to provide the support to the crew.

#### **SCHEDULE 13**

Communication (state full contact details for communication with the Owners)

#### **SCHEDULE 14**

Communication (state full contact details for communication with the Contractors)

**Office 101, Bridge Tower 4, Alexandria,  
CY 3013, Limassol, Cyprus**

**Tel/Fax: +357 25 349 991 Mob: +357 96808577 – Olga Volkova, +357 99 830289 – Anatolii**



**Smolin**

**e-mai: manager@vegacyltd.com , office@vegacyltd.com**

It is mutually agreed between the party stated in Schedule 3 and the party stated in Schedule 4 that this Agreement consisting of PART 1, and PART 2 and any additional clauses, if agreed and stated in Schedule 20, as well as Schedules "A" (Security Equipment), "B" (Rules for the Use of Force), "C" (Instruction Notice), "D" (Schedule of Charges), "E" (Standard Operating Procedures), "F" (Individual Waiver) attached hereto, shall be performed subject to the conditions contained herein. In the event of a conflict of conditions, the provisions of PART 2 and Schedules "A", "B", "C", "D", "E" and "F" shall prevail over those of PART 1 to the extent of such conflict but no further.

Signature: \_\_\_\_\_

For and on behalf of: VegaCY Strategic Services Ltd

Name: Anatolii Smolin

Title: Director

Date:

Signature: \_\_\_\_\_

For and on behalf of:

Name:

Title:

Date:

## **SCHEDULE A - SECURITY EQUIPMENT**

*(Note: List of firearms and ammunition and, as applicable, non-lethal weapons and other security-related equipment to be provided by the Contractors)*

Contractors provide Security Services with subject Security Equipment or as it is otherwise provided prior to particular Transit. In such a case the details of Security Equipment to be advised to the Owners at least 24 (twenty four) hours before the Embarkation of such Security Equipment.

AMOUNT	MODEL	ITEM	CALIBRE	SERIAL NO.
<b>FOUR (3)</b>	<b>Sa.vz 58</b>	<b>CSA Sa. Vz 58 SPORTER</b>	<b>7.62X39</b>	<b>5800102</b>
	<b>Sa.vz 58</b>	<b>CSA Sa. Vz 58 SPORTER</b>	<b>7.62X39</b>	<b>5800103</b>
	<b>Sa.vz 58</b>	<b>CSA Sa. Vz 58 SPORTER</b>	<b>7.62X39</b>	<b>5800104</b>
<b>TWENTY</b>		<b>MAGAZINES (30 ROUND EACH)</b>		
<b>800 PCS</b>	<b>AM 7,62</b>	<b>ROUNDS OF AMMUNITION</b>	<b>7.62X39</b>	
	<b>Sa.vz 58</b>	<b>CSA Sa. Vz 58 SPORTER</b>	<b>7.62X39</b>	<b>5800105</b>
<b>FOUR (4) PCS</b>	<b>SBAC-T2200</b>	<b>SBA DYNEEMA COMBO TAC 2200 BALLISTIC VESTS</b>		
<b>ONE PAIR</b>	<b>PEDGE 77071</b>	<b>PULSAR EXPERT LRF 8X40 BINOCULARS</b>		
<b>FOUR SETS</b>	<b>IC-M35</b>	<b>VHF ICOM ICM35 MARINE</b>		
<b>ONE BOX</b>	<b>EX7641BE</b>	<b>EQUIPMENT CASE</b>		
<b>ONE BOX</b>	<b>EX13527B</b>	<b>EQUIPMENT CASE</b>		
<b>ONE BOX</b>	<b>EX38188BE</b>	<b>EQUIPMENT CASE</b>		
<b>SIX</b>	<b>EXDKL</b>	<b>DIGITAL COMBI LOCK</b>		
<b>ONE</b>		<b>THURAYA XT WITH SIM CARD</b>		

## **SCHEDULE B - RULES FOR THE USE OF FORCE**

*(Note: Attach Rules for the Use of Force as agreed between Owners and Contractors)*

### **Escalation of force against Hostile Targets**

1.1 Firearms must only be used as a last resort to protect life. Minimum force should be used at all times.

1.2 If a verbal and/or alternative challenge is not possible in all the circumstances or a verbal and/or alternative challenge is given but the Hostile Target continues to demonstrate Hostile Intent and/or Hostile Acts, initial warning shots may be fired to gain the attention of the Hostile Target to indicate the presence of Security Operators on board the ship. Initial warning shots should be clear and fired well above a Hostile Target.

1.3 If initial warning shots have been fired but the Hostile Target continues to demonstrate Hostile Intent and/or Hostile Acts, further warning shots may be fired into the water in front of a Hostile Target.

1.4 If further warning shots have been fired but the Hostile Target continues to demonstrate Hostile Intent and/or Hostile Acts, final warning shots may be fired into the Hostile Target's vessel's hull or engine in order to stop an attack. The Security Operator must take all reasonable precautions not to injure any person(s) on board the Hostile Target's vessels.

1.5 If final warning shots have been fired but the Hostile Target continues to demonstrate Hostile Intent and/or Hostile Acts and the Security Operator honestly believes in all circumstances that there is an immediate threat to life, be it the life of the Security Operator or the life of another person(s) on board the ship or in the vicinity of the attack, the Security Operator may use all reasonable force that is necessary in the circumstances, which may extend to use of lethal force, to protect himself or another.

1.6 Warning shots must be fired before all reasonable force, extending to the use of lethal force, is used against a Hostile Target unless:

1.6.1 To fire warning shots would increase the risk of injury and/or death to a Security Operator or any other person(s) other than the Hostile Target; or:

1.6.2 A Security Operator or any other person(s) on board the ship are under immediate armed attack from the Hostile Target and the Security Operator honestly believes in all the circumstances that there is an immediate threat to life.

1.7 If the reasonable force that is necessary in all the circumstances to protect the life of the Security Operator and/or another person(s) includes engaging the Hostile Target in open fire and the use of lethal force, the Security Operator must:

1.7.1 Fire aimed shots only;

1.7.2 Fire no more rounds than are necessary; and

1.7.3 Take all reasonable precautions not to injure anyone other than the Hostile Target.

1.8 The use of lethal force may only be used as an absolute last resort in the event a Hostile Target is committing or is about to commit an act that a Security Operator honestly believes will endanger his life or the life of another person(s) on board the ship and there is no other way to prevent the danger.

**SCHEDULE C - INSTRUCTION NOTICE**

To:

From:

Dated:

Employment of Maritime Security Guards on Vessels Agreement dated 16/07/2013, made between \_\_\_\_\_ (hereinafter called “the Owners”) and VEGACY STRATEGIC SERVICES LTD (hereinafter called “the Contractors”), (hereinafter called the “Agreement”).

**INSTRUCTION NOTICE**

This is an Instruction Notice as described in the Agreement referred to above. Defined terms Agreement shall have the same meaning set out in the set out in this Instruction Notice.

Under the terms of the Agreement referred to above, we hereby give you notice that we require the Contractors to Provide us with the Security Services:

**On-Board Security**

Vessel:

IMO Number:

**REVIEW WILL BE MADE DURING IMPLEMENTATION**

Date of Departure:

Embarkation Time:

Embarkation Point:

Disembarkation Point:

Number of Security Personnel:

Armed/Unarmed Guards:

Estimated Number of Days Transit:

We would be grateful if you could contact,.....

(Owners Contact; Email) in order to verify our requirements and confirm the provision of the Security Services as required, including the names and passport numbers of each member of the Security Personnel, Firearms particulars (with serial numbers) and details of other Security Equipment to be embarked.

Signature: \_\_\_\_\_

For and on behalf of:

Name:

Title:

## **SCHEDULE E – STANDARD OPERATING PROCEDURES**

*(Note: If the Contractors have Standard Operating Procedures that apply to the provision of Security Services under this Contract, they should be attached in this Schedule E.)*

### **STANDARD OPERATIONAL PROCEDURES**

#### **PART I**

##### **1. POLICY**

Vegacy Strategic Services Ltd (hereinafter “Vegacy”) is committed to protect ships of Cyprus and other States flags against piracy and other unlawful acts against ships, their personel and cargo.

Vegacy and its personel, including its private ship security gaurds, declares that in their security activity they will act as per the Law 77(I) of 2012 of the Republic of Cyprus (hereinafter the “CY Law”) and in accordance with other State law and legislation as the case may be which is subject to the flag of the vessel to which the services to be rendered. It further declares that it will act within the framework of the provisions of relevant decisions of the European Union and United Nations ("SOLAS" Chapter XI-2) or other international or regional intergovernmental organization which are applicable in order to provide the best possible services. Vegacy is committed to follow all safety and environmental regulations on board the ship they will be serving on. Their actions shall be in conformity with the BMP version 4-August 2011.

Vegacy shall obtain the appropriate Certificate/Permit for provision of private ship security services before rendereing such services to the Cyprus ships and any other Certificate/Permit if such is required for provision of private ship security services for the vessels of other flags.

##### **2. THE SECURITY SERVICES OFFERED BY VEGACY ARE:**

- Provision of private ship security guards for the protection of the Cyprus and other flags’ ships, their crew and cargo in accordance with the Contract for such services signed by the ship owners, ship managers, cargo owners or any other person who has the authority to request such protection;
- Training of professional ex-personel from NAVY, Military, Police or special forces to act as a private ship security guards;
- Training for the Ship Securiry Offies, including for the ship security.

#### **PART II**

##### **DEPLOYMENT/IMPLEMENTATION OF SERVICES**

##### **1. VEGACY STRATEGIC SERVICES LTD UNDERTAKES TO:**

Implement on board the measures entrusted to them through a signed Contract, where the ship owners, ship managers, cargo owners or any other person who has the authority to request such protection entrusts them, for the security of the ship within the framework of the applicable law, to implement security measures.

i. **The employment of the private ship security guards on board the Cyprus flag ship will be as per CY Law Section 4 (3)** (and taking into consideration the Sections 24 to 30 of subject CY Law) where it is stated that the Master and the Ship's Operator may take, in addition to the measures referred to in the provisions of subsections 4 (10, and (4(2) of this Section, other additional measures for ensuring and maintaining the security of the ship and for preventing unlawful acts, provided that these do not conflict with the provisions of the law or any other law of the Republic, or the provisions of the laws of the State in the internal waters or territorial sea or the contiguous zone of which the ship is located or transits, other measures for ensuring and maintaining the security of the ship and for preventing attacks.

ii. **The employment of the private ship security guards on board the ships of other flags shall be subject to the applicable State Law and Legislation and in any case shall be provided on the basis of the signed Contract for such services.**

iii. **Vegacy Strategic Services Ltd will follow applicable national laws and regulations** (e.g. Flag State, Port State and Coastal State) with regards to the transport, carriage, storage, embarkation and/or use of Vegacy firearms and security related equipment and will take them into consideration in their operational practice.

**iv. Best Management Practices**

Vegacy will take into consideration and apply the recommendations contained in the latest version of BMP as they can make a significant difference in preventing a ship falling victim to piracy or armed robbery against the ship. Vegacy will recommend to the Master of the vessel to apply BMP throughout the High Risk Area (HRA) and in the Internationally Recommended Transit Corridor (IRTC).

**2. GUARDS SELECTION CRITERIA**

The Guards' selection is based on the following criteria:

- a) They must have a minimum of two years military or navy service and preferably service in the special forces. Ex-officers are preferred. (history of employment checked)
- b) They must have a clean service and good character record.
- c) They must have documented proof by the police that they do not have any criminal record.
- d) They must have a valid Medical Certificate for physical and mental fitness, including regular drug and alcohol tests.
- e) They must have a SSO Certificate or obtain one before they are employed.
- f) They must understand basic English and the Team Leaders must speak, understand, read and write reasonably good English and be able to communicate with the Master and the Crew on board.
- g) They must have a valid International Passport, valid for at least one year from the time they are employed.
- h) They must have a valid Seaman Book for a minimum of one year from the time of employment.
- i) They must prove that they do not feel sea sick when on board.
- j) They must not be colour blind.
- k) They will be checked for continued suitability for employment.
- l) They must be ready to undergo a vigorous training for Security Guards serving on board ships.
- m) They must have training and be familiar with the use of small fire arms and equipment similar to the ones which will be used on board.
- n) They must be able to fully understand the Standard Operation Procedures and the Rule of the Use of Arms of Vegacy Strategic Services Ltd and the basic law of the Flag State in regard to the employment of private ship security guards before they are employed on board a ship.
- o) They must be able to upgrade themselves regularly and undergo regular evaluation especially after a service tour onboard a ship.
- p) They must be able to work as a team with the other Security Guards and obey orders from the Team Leader, from the Chief Security Officer and Office Management.
- q) They must always be presentable, clean, clean-shaven and to behave when on a service tour.
- r) They must always follow Vegacy Strategic Services Ltd rules and regulations and always to try and promote the company's services.

**3. PRIVATE SHIP SECURITY GUARDS TRAINING (Form 00B)**

All private ship security guards (the "Security Guards") used by Vegacy Strategic Services Ltd, after passing the Selection Criteria are undergoing training again in the following fields.

- a) A documented, comprehensive and detailed training for both initial and refresher courses.
- b) The Team Leader to have verifiable familiarity of the ship types, the particular route envisaged and in maritime security and protection.

- c) That the Security Guards are trained and qualified to documented company standards in the appropriate use of force.
- d) The Security Guards are trained and competent with the specific firearms, ammunition and other related security equipment deployed on the ship.
- e) In familiarising themselves with the Company Policy, Standard Operation Procedures, Code of Conduct to be followed and the Laws of the Flag State of the ship.
- f) The Security Guards is provided with a medical training as per recognised national or international standard.
- g) How to transport the arms from the Port to the Ship, how to stow them On Board and from the Ship to a Port.
- h) How to keep proper records and documentary evidence on board, especially in any pirate incident.
- i) How to use the satellite phone and available communication equipment.
- j) How to interact with the Crew on board and how to carry out joint exercises.
- k) How to interact with the Master and SSO in organising common exercises on board, on all levels of security.
- l) How to communicate with the office and emergency bodies, how to receive and monitor piracy related reports and specific threats in a High Risk Area, and what information must relay to them in cooperation with the Master.
- m) How to carry out a risk assessment when on board and advise the Master of any vulnerable areas and of any measures for improvement.
- n) What tests of the firearms and security equipment to be carried out when they are received on board.

#### **4. GUARDS PRE-BOARDING BRIEFING (Checklist No: 01)**

- i. The guards before boarding will be briefed by the Security Leader for the following: That they are hired to provide security service on board a ship and explain to them the ship type, any special features to pay attention to, go through the General Arrangement Plan of the ship and study its layout with particular attention to all available possible vulnerabilities for easy boarding by the pirates, like entrances to the accommodation, possible blind spots, height of its freeboard, etc... about the existing security measures on the ship and how to carry out a security assessment on board.
- ii. Briefing and checking for understanding of the Standard Operation Procedures to be followed onboard and its strict enforcement, their responsibilities onboard, the safe storage of the arms and go through all details from A to Z of the service duty.
- iii. Briefing about their travel schedule and go through all their travel documents, agents' contacts, ports of embarkation/disembarkation, visas, transport and all required certificates.
- iv. Go through the latest piracy situation in the High Risk Area the ship will be transiting, the piracy threat in the region, military operations and the means to maintain current knowledge.
- v. The legal responsibilities towards the Flag State and the State Laws of the coastal states' waters through which the ship will transit.
- vi. They are given briefing specifics of the ship type, where that ship will be operating and what legal/practical implications that might have for their deployment, and in the provisions of the ISPS Code and latest BMP.

#### **5. INTERACTION WITH MASTER**

- i. Going on board the Team Leader must introduce himself and each member of his team to the Master and Crew, provide the Master with a list of the Security Team with their particulars and ask for a Crew List.
- ii. The Security Team will have policy procedures governing the command and control of the Security Team on board that are fully understood.
- iii. The Security Team recognises that at all times the Master remains in command and has the overriding authority on board and an agreed procedure if the Master is unavailable.

iv. The Security Team will agree with the Master on a clear two-way information exchange and clear coordination between the Ship Owner, Vegacy Strategic Services Ltd, Security Team and the Master, Officers and Crew during their stay onboard.

v. The Team Leader will agree with the Master for the provision of regular updated intelligence based threat assessments during their period of contract on board and based on this, to suggest any additional measures to be taken.

vi. The Team Leader will monitor the daily activities of the Security Team onboard through Company Forms and Checklists.

vii. The Team Leader will discuss and agree with the Master a 24-hour response and contingency plan covering all foreseeable/unforeseeable actions.

viii. Vegacy Strategic Services Ltd will provide a feedback on Crew Training and ship requirements based on the reports received from the Security Team onboard.

ix. The Team Leader is to get permission from the Master to carry out with the SSO a tour of the vessel to familiarise himself and his team with the ship and any defence measures in place and to carry out a risk assessment and inform the Master of any recommendations if any for improvement.

### PART III IMPORTANT CONTACTS

Vegacy and their Security Guards must ensure and have all necessary contacts in an easy and 24 hours' accessible place of the following persons/organisations:

**MSCHOA** (Maritime Security Centre (Horn of Africa))

CONTACTS: Tel: + 44 (0)1923 958547, Fax: +44 (0)1923 958520, Email: [postmaster@mschoa.org](mailto:postmaster@mschoa.org)

**NATO**: TEL: +44-(0) 1923-956574, FAX: +44 (0) 1923-956575, EMAIL: [info@shipping.nato.int](mailto:info@shipping.nato.int)

**Department of Merchant Shipping**: Emergency response contacts.

In case of the **CY flag vessel**: TEL: +357 99 645 707 Email: [SSAS@dms.mcw.gov.cy](mailto:SSAS@dms.mcw.gov.cy)

**Vegacy Strategic Services Ltd:**

CEO: Mob: + 357 99 830 289. Email: [office@vegacyltd.com](mailto:office@vegacyltd.com)

MANAGER: Mob: + 357 99 686 718 Email: [manager@vegacyltd.com](mailto:manager@vegacyltd.com)

SECURITY LEADER: Mob: +380 50 392 29 26 Email: [usergei2011@mail.ru](mailto:usergei2011@mail.ru)

**Ship Operator/Ship Owner**

**Vessel details**

Master, SSO, Inmarsat No, Email

**Embarkation agent's details**

**Disembarkation agent's details**

Vegacy shall provide the following information to the Team Leader prior their embarkation onboard, so as all the details of the Team Leader and the Security Guards shall be provided to the ship's operator before they embark.

### PART IV APPLICATIONS, PERMITS, LEGAL OBLIGATIONS

Vegacy Strategic Services Ltd. will obtain a certificate from the Cyprus Competent Authority and any other Competent Authority on whose flag Vegacy will use their services as per relevant laws of each Flag



State and will comply with and to apply and to implement the provisions of the legislation of the State and the decisions and instructions of the appropriate competent authority to the extent to which these relate to the Private Ship Security Company.

(1) Vegacy herewith declares that the Sections 24- 31 of the CY Law referring to its obligations will be followed;

(2) Vegacy will submit all necessary applications and documents to the Flag State required by its law and will ensure that all their Shore Staff and Ship Private Security Guards on board will do the same

(3) Vegacy will enter into, and sign a Contract with the ship owners, ship manager or other person, duly authorized for that, prior to sending their Security Guards;

(4) Vegacy will keep the Competent Authority informed of any change relating to the information and/or documentation required by the provisions of Section 22(2) of CY Law and to promptly submit any changes thereto;

(5) Vegacy will provide the Ship's Operator and/or to submit to the Competent Authority the information and documentation, which is required for the issue of the certificate referred to in provisions of Section 13(3) of CY Law;

(6) Vegacy Strategic Services Ltd will keep copies of all licences, approvals, attestations or the documents which have been issued to or it has obtained in relation to the movement of the arms and security equipment for use and to submit these to the Competent Authority when requested to;

(7) Vegacy will inform the Competent Authority about any incident in a high risk area immediately and shall indicate the Name, Call Sign and Ship's Identification Number of each of the ships that may be involved and the relevant Date and Time in each case.

(8) Vegacy will inform immediately the Competent Authority if it decides to suspend or terminate its operation or the provision of services referred to on its certificate issued in respect of the ship security services for the CY flagged ship

(9) Vegacy will inform the Competent Authority, of suspension or cancellation or non-renewal of its insurance for compensation:

(10) Vegacy will inform the Competent Authority of suspension or cancellation or non-renewal of the licence or the certificate or of the conditions relating to the acquisition or possession of firearms and/or special security equipment in its possession.

(11) Vegacy will inform the Competent Authority of suspension or cancellation or non-renewal of the contracts of the employment of the Private Ship Security Guards stated on the certificate issued to it, together with Name, Surname, Nationality and the number of Identify Card or Passport or Travel Document of each of the Private Ship Security Guards who are involved.

(12) Vegacy will provide the Competent Authority with all the information as per PART III, Section 26 (1)(a),(ii),(iii),(v),(vi),(vii), (b) (i), (ii), (iii), (2) (a), (c), (d), (e),(f) as per the CY Law

## **PART V PROCEDURE ONBOARD**

### **1. TEAM AND EQUIPMENT:**

(1) **Size of the Security Team:** The Team's size would normally comprise of 4 persons, the composition would include 3 Security Guards and one Team Leader and one of the team members must be a certified Team Medic. If any additional guards are required their number shall depend of the description of the vessel, latest threat assessment. Ship Safety Certificate. The number of Crew and the Security Guards on board the vessel must not exceed, at any time the maximum number of the persons certified to carry as per her Safety Certificate.

(2) **Equipment:** This would be as per requirements, agreement between Vegacy Strategic Services Ltd and the Ship Owner and commensurate with the risk assessment. Each Security Guard will be issued with security equipment as per Vegacy Form F.A.S.E.

**(3) Firearms:** Each Security Guard will be provided with a semi automatic rifle and enough rounds of ammunition for the appropriate circumstances. (Form 09). The choice of firearms will be linked to the agreed need and the Rules of the Use of Force.

**(4) Recording equipment:** Vegacy Security Guards will be equipped with suitable recording equipment to record and preserve evidence in the event of the use of force, as practicable as possible.

## **2. COMMAND AND CONTROL OF ONBOARD SECURITY TEAM**

When entering into a contract with the Ship Owner, the Vegacy will agree that command and control structure with the Master/Ship's Officers and Armed Security Guards Team is clearly defined and documented. In order to provide clarity, the documented command and control structure should provide inter-alia.

**(1)** A clear statement that at all times the Master remains in command and retains the overriding authority on board.

**(2)** A clearly documented set of vessel and voyage-specific governance procedures, inter-alia, covering procedures which include procedures for contacting exercise based on these procedures.

**(3)** A documented List of Duties on expected conduct, behaviour and documentation of actions of the Armed Security Guards on board.

**(4)** Transparent two-way information flow and recognizable coordination and cooperation between the Ship Owner, Charterer, Team of Security Guards on board (through the Team Leader), Vegacy and vessel's Master, Officers and Crew.

**(5)** Emergency signals and codes to be used must be agreed between the Master and the Team Leader. These signals must be different from the accepted safety signals used normally on board like "Abandon Ship", "Fire on Board", etc... Agreed calling codes are also to be used between Security Guards and Crew for identification.

## **3. FIREARMS AND AMMUNITION WHILE ONBOARD**

### **3.1. The Security Team when on board:**

**(1)** Must have documented compliance with National, Coastal and Port State Legislation and relationship governing the transport and provisions of firearms, ammunition and security equipment to the point of embarkation and disembarkation or ports/places at which the vessel may call as part of its intended voyage whilst the Armed Security Team is on board.

**(2)** Must use appropriate containers for the firearms, ammunition and security equipment at the point of transfer to and from the ship.

**(3)** Must arrange the secured storage onboard in a strong room and deployment of fire arms, ammunition and security equipment.

**(4)** Must agree with the Master about the areas where firearms may or may not be carried together with the state of weapon readiness (e.g. Unloaded & Magazine-off, Magazine-on and weapon "Made-Safe" states) and what conditions would initiate a change in that state.

**(5)** Dressed in full company uniform and safety shoes each Security Guard must have a name tag in the front of his uniform showing clearly his name for easy identification.

**3.2. Vegacy Strategic Services Ltd** will have detailed and exercised orders governing the conditions under which the firearms might be loaded and made ready for use. It should be EXPLICIT in the Vegacy Security Contract to ensure the highest level of safety and to optimize operational efficiency in the event of an incident requiring use of fire arms on board ship.

A safe area will be found for the loading/unloading of weapons. The detailed procedure should be applied for the accounting for all ammunition at the time of embarkation and disembarkation from each transit, which should include a reconciliation of the inventory of both firearms and ammunition on embarkation and disembarkation. The firearms will undergo a routine inspection, maintenance and servicing by a qualified professional at least once annually.

The Team Leader and the Security Guards, once they reach international waters must check their firearm and security equipment and ensure that they are functioning properly. If they want to try out any of the firearms, they can only do so after permission is received from the Master. The firearms and security equipment when on board must be stowed in a store with all steel walls and a steel door with a fixed lock and to be able to be locked additionally with a padlock. This store should be close to the accommodation quarters where the Security Guards are staying. The arms must NOT be stowed in a cabin. They must be locked in a strong box. The keys of the box and the store must be with the Team Leader. One key to be kept one with the Master and one with the Team Leader. No one from the Crew can have access to the arms.

The Team Leader is responsible at all times for the transport, storage and allocation of the arms from embarkation to disembarkation.

**PART VI**  
**RULES OF USE OF FORCE (ROUOF)**  
**TO BE USED BY VEGACY STRATEGIC SERVICES LTD**

The Armed Security Guards Team when on board will have a complete understanding of the rules of the use of force as agreed with the Ship Owner and Vegacy Strategic Services Ltd and the Master and fully comply with them. The Security Guards on board will be fully aware that their primary function is exclusively for the protection of life of persons on board and the ship from armed pirate groups by using the minimal force necessary to do so, as per below graduated response plan.

Vegacy Strategic Services Ltd recognises that laws governing the Use of Force may differ over time and according to location. The applicable Cyprus Law 77(1) 20120, including any criminal laws, for an incident on a ship from which Vegacy will be operating will be principally that of the Flag State. It may also include the laws and regulations of coastal, port and other states. The location of an incident and/or the nationalities of the ship, the companies and the individuals involved, including Vegacy Strategic Security Services Ltd. And the Private Ship Security Guards and others, will affect the determination of the applicable law. Vegacy Strategic Services Ltd requires that their Security Guards on board to take all responsible steps to avoid the use of force. If force is used, it should be in a manner consistent with applicable law. In no case should the use of force exceed what is strictly necessary and in all cases should be proportionate to the severity of the threat and actual situation at hand, at the material point and time including the strict implementation of the latest version of BMP.

Vegacy Strategic Services Ltd requires that their personnel will not use firearms against persons except in self-defence or defence of others against the imminent threat of death or serious injury, or to prevent the preparation of a particularly serious crime involving a life-threatening situation.

The following plan of gradual response for use of force, including warning procedures should be documented and signed prior to embarkation by all relevant parties, including the Ship Owner, the Master of the ship and Vegacy Strategic Services Ltd. The plan will include a description of the roles of Master and the Security Team Leader.

Vegacy Strategic Services Ltd in consultation with the Ship Owner will ensure that:

- (1)** Both the Master and the Security Team Leader have had the Rules of the Use of Force explained to them.
- (2)** The Master and the Security Team understand and agree to the conditions governing when and how the decision to invoke the Rules for the Use of Force is made and by whom.
- (3)** The Master and the Security Team sign an undertaking that they have read and understood the Rules for the Use of Force.

**1. USE OF DEADLY FORCE:**

Deadly Force is that force which one reasonably believes will cause death or serious bodily harm.

USE OF DEADLY FORCE: TO BE USED IF AN ARMED THREAT GAINS ACCESS TO THE PROTECTED SHIP, THEN DEADLY FORCE MAY BE USED TO PROTECT THE SHIP AND THOSE ON BOARD. In no case should the use of force exceed what is absolutely necessary and in all cases should be proportionate to the severity of the threat and actual situation at hand at the time of the occurrence.

You may use force as follows:

(1) NECESSARY FORCE

Up to and including Deadly Force, against persons in the following circumstances:

In self-defence

In defence of other persons

To prevent life-threatening situations.

(2) GRADUATED FORCE

Graduated Force must be used where it is possible

The following are some techniques that can be used if their use will not unnecessarily endanger yourself or others.

SHOUT: - "HALT" verbal warning.

SHOVE: - Physically restrain, block access or detain.

SHOW: - Your weapon and demonstrate intent to use it.

SHOOT: - TO REMOVE THE THREAT ONLY WHEN AND WHERE NECESSARY

## 2. RULES OF USE OF FORCE ON BOARD THE SHIP

The Private Ship Security Guards will act and respond in accordance to any and all commands given by the Ship's Master.

The Master and Team Leader are to be familiarised with every aspect of these rules and agreed between them about their governing conditions as to when and how the decision to invoke the Rules for the Use of Force is made and by whom and sign an undertaking that they have read and understood these Rules for the Use of Force. The Security Team Leader is responsible for all matters related to the carriage of the weapons on board the ship, ensuring proper weapons safety, for carrying out security drills by the Security Guards regularly during the transit through the high risk area. This includes the safe storage of the weapons accessible only to the Security Guards, when not in use for security purposes and inform the Master accordingly before any drill is carried out.

If at any time during the transit the ship encounters a possible threat, the Security Team will follow the Rules of the Use of Force in response to the threat and act as follows:

(1) Visual demonstration that the ship is under Private Ship Security Guard protection.

(2) Audible warning to the approaching threat not to approach the ship

(3) To fire a warning shot to deter any further approach to the ship.

(4) If the threat continues to approach the ship or fires on the ship, then force must be used to inflict material damage to the threat's craft.

### **WEAPONS STATE GREEN**

#### **Actions on Unidentified Small Craft/Suspect Vessel**

(when closest craft is more than 1000 metres away)

- Weapons Unloaded, Stowed on the Bridge Deck or other strategic place.

- Magazines charged, available on Bridge Deck or any other strategic place.

- Extra Ammunition available on Bridge Deck or any other strategic place.

Body Armor available on Bridge Deck or any other strategic place Maintain surveillance on Suspect vessel and confirm if suspicious - ( look for

number of people in the boat or skiff, weapons and means of boarding)

Try to gain Radar Fix, Speed, and Course of the boat or skiff.

Ensure all Bridge Watch-keepers are aware of the boat/skiff and vigilance is increased.

Co-ordinate with Master for lookouts to maintain all-round vision and checking for any other suspect boats (skiffs), as there may be more than a single boat/skiff.

Continue to monitor whilst attempting to obtain/maintain a Radar Fix and Course and Speed of the boat/skiff.

If contact remains suspicious call the Master and SSO.

If the Duty Officer or the member of the Security Guards or the Person-on-Watch believes that there is a visible threat, then they need to warn the Master and Team Leader immediately.

### **WEAPONS STATE YELLOW**

GENERAL ALARM CODE YELLOW

(when any craft steers towards the ship and is between 500 and 1000 meters away)

SECURITY GUARDS

Weapons loaded and carried.

Spare magazines with the Guard.

Body armor to be worn.

Spare ammunition with the Guard.

Nominated Officer sounds general alarm and passes over public address:

PIRACY,PIRACY,PIRACY,CODE YELLOW,CODE YELLOW ,CODE YELLOW,  
CREW TO MUSTER AT NOMINATED CODE YELLOW LOCATION

- (1) The Security Team goes to the Bridge Wings with weapons.
- (2) Consider use of flares if they are available to illuminate the target, if dark, switch on all lights and projectors.
- (3) Crew lookouts moved inside or to the Code Yellow Muster Location.
- (4) Advise the Master to -
  - A. Increase speed to the maximum. (Advise Captain to change vessel's direction to increase distance between vessel and threat)
  - B - Master to commence evasive maneuvers
  - C - Activate water defences (Fire Hoses, Water Shield if any.).
  - D - AIS on or limited output.
  - E - Sound Ship's Whistle with a continuous prolonged blast.
- (5) Chief Officer to confirm when:
  - A – Engine room is manned and required auxiliary machinery is running
  - B- All Crew are accounted for.
  - C- All doors have been locked and secured.
  - D- Galley electrical equipment and lights are turned off,

Security passed on VHF if time allows, Maintain Visual and Radar Fix.

If the threat continues and immediate danger is imminent and must take refuge then the Captain, SSO or the Security Team Leader will announce Security Level 3- CODE RED

### **WEAPONS STATE RED**

GENERAL ALARM SECURITY LEVEL 3 SIGNAL

Weapons Made ready by the Security Guards

Spare Magazines to be carried by the Security Guards

Spare Ammunition to be carried by the Security Guards

Nominated Officer sounds General Alarm and passes over broadcast -

PIRACY,PIRACY,PIRACY - CODE RED, CODE RED, CODE RED, CREW TO  
MUSTER IN CITADEL.

All Code Yellow actions to be carried out if Code Red has been called as an immediate action. Follow Security Company's Rules of Use of Force if the use of the firearms is authorized by the Master.

Activate GMDSS, SSAS.

Maintain maximum speed and continue evasive maneuvers.

The Master to send out emergency message: MAYDAY-MAYDAY-MAYDAY by VHF and other communication equipment

Try to communicate with MSCHOA, NATO SHIPPING CENTRE, FLAG STATE, OFFICE if time permits with the satellite phone stating that the vessel is boarded by armed pirates and any other useful information as to the number of pirates and weapons carried if possible.

#### **ACTION TO BE TAKEN ON BOARD IF THE VESSEL IS BOARDED**

##### **BY PRIVATE SECURITY GUARDS**

- (1) Team Leader and one of the guards convoys the Master and crew to Citadel
- (2) During convoying, Security Guards takes all available and lawful measures to protect the crew
- (3) After the Master and crew are in Citadel, Security Team provides their best endeavours to protect them, including by distraction of pirates to Security Team
- (4) Two Security Guards provides their best endeavours, including armed and unarmed measures, in order not to let the Bridge to be taken by pirates

##### **BY MASTER**

- (1) The vessel must stop and shut down her Engines with rudder midships.
- (2) Engine to be controlled only from the engine room.
- (3) All outside lights to be switched off.
- (4) All unnecessary electrical and navigational equipment to be switched off.
- (5) The Master/Officer on the Bridge to inform immediately the Ship Operators, MSCHOA, NSC Watch-keeper and any other vessel in the vicinity. And then go to the citadel
- (6) Keep communication equipment in the citadel and communicate with MSCHOA, authorities/Naval Forces giving the following information:
  - Pirates boarded the vessel.
  - The Vessel Drifting
  - All Crew are safe and secured in Citadel.
- (7) Wait for assistance
- (8) Brief Crew on what to do in case any is taken as hostage.

#### **ACTIONS ON HIJACKED VESSEL**

(Security Team and Crew captured)

If the ship is hijacked by pirates Security Team makes all they can in order to avoid the hostageing of crew. Security Team provides their best tactics and seeks to fight pirates and to stop them. Security Team counters pirates as far as it's possible and/or until the anti-piracy forces arrives to support.

### **PART VII REPORTING AND RECORD KEEPING**

The Team Leader should maintain a Log recording every incident in which firearms are deployed, to be acknowledged by the Master. Such incidents should be documented in detail in the form of a Piracy Report. A record should be made of every instance when a weapon is discharged for any reason other than in self-defense, for example, training, accidental discharge.

Vegacy Strategic Services Ltd. will ensure that a formal written report of each incident involving the use of force, to be forwarded to the Ship Owner/Operator, is made by the Security Team Leader and acknowledged by the Master. This will include time/location of the incident, details of events leading up to the incident, written statements by those involved in the incident from the Security Team, injuries and/or material damage sustained. Lessons learned from the incident and recommendations to prevent recurrence. Documentation of any tests including drugs and alcohol take during the investigation of the incident. A VDR copy of the incident also will be submitted.

The Team Leader must keep a Daily Log Book with all activities of the Security Team, including exercises alone or with the Crew, any incidents, Noon Report as below and time called by the satellite phone the Office.

In the event that it is necessary to use force by the Armed Security Guard Team, the Team Leader must be advised to photograph (if appropriate), Log, Report and collect written statements from all present at the incident in anticipation of legal proceedings.

The Team Leader must acknowledge all messages sent by Vegacy Strategic Services Ltd. as soon as he receives them. Messages will be sent via the ships GMDSS radio equipment.

The Team Leader must send a Daily Report at 12:00 hrs coinciding with the vessel's Noon Report to Vegacy Strategic Services Ltd. office, giving the following:

SHIPS NAME  
COURSE & SPEED  
LAT/LONG  
WEATHER  
SEASTATE  
ETA DISEMBARKATION PORT (DATE/TIME)  
ANY INCIDENT DURING THE LAST 24 HRS  
ANY REQUIREMENTS

In an emergency, the Team Leader must call the CEO or Manager and report at any time.

Additionally to incident reporting following a Tour of Duty, the Onboard Team must submit a full report to Vegacy Strategic Services Ltd giving full details of the deployment, operational matters, any training and/or ship hardening conducted, and offering advice as to any other enhancements to security that maybe considered. A copy of this report if requested can also be given to the Ship Owner and the Flag Administration.

#### **MESSAGES TO BE TRANSMITTED**

##### **1. INITIAL MESSAGE-PIRACY/ARMED ROBBERY ATTACK ALERT**

SHIPS NAME  
CALL SIGN  
INMARSAT ID  
IMO NO  
MMSI NO  
MAYDAY DISTRESS ALERT (If Ship and Crew and Ship will be in grave or imminent danger)  
URGENCY SIGNAL  
PIRACY/ARMED ROBBERY ATTACK  
TIME (UTC)  
LATITUDE/LONGITUDE  
COURSE/SPEED  
NATURE OF EVENT.

Above message to be sent by the Master or a Designated Person appointed by him.

Same can be sent by Satellite phone by the Team Leader

If there is no time the Master can activate the SSA to inform his CSO and Flag State

##### **2. FOLLOW UP MESSAGE PIRACY-ARMED ROBBERY ATTACK ALERT.**

SHIPS NAME  
CALL SIGN  
IMO NUMBER

REFERENCE INITIAL PIRACY/ARMED ROBBERY ALERT  
LATITUDE/LONGITUDE  
DETAILS OF INCIDENT  
METHOD OF ATTACK  
DESCRIPTION/NUMBER OF SUSPECT CRAFT  
NUMBER AND BRIEF DESCRIPTION OF PIRATE/ROBBERS  
WHAT KIND OF WEAPONS DID THE PIRATES/ ROBBERS CARRY?  
ANY OTHER INFORMATION (e.g. Language spoken)  
INJURIES TO CREW OR ANY OTHER PERSONS ON BOARD.  
DAMAGE TO SHIP OR EQUIPMENT  
ACTION TAKEN BY THE MASTER/CREW/PRIVATE SECURITY GUARDS  
ACTION TAKEN BY COASTAL STATE/NATO SHIPS  
LAST OBSERVED MOVEMENTS OF THE PIRATES/SUSPECT CRAFT  
DATE/TIME/COURSE/POSITION/SPEED  
PREFERRED COMMUNICATIONS WITH REPORTING SHIPS  
DATE AND TIME OF THE REPORT (UTC)

## **PART VIII CODE OF CONDUCT**

### **1. VEGACY STRATEGIC SERVICES LTD IS COMMITTED:**

to operate in accordance with this Code,  
to operate in accordance with applicable laws and regulations, and in accordance with relevant corporate standards of business conduct,  
to operate in a manner that recognizes and supports the rule of law; respects human rights, and protects the interests of their clients,  
to take steps to establish and maintain an effective internal governance framework in order to deter, monitor, report, and effectively address adverse impacts on human rights,  
to provide a means for responding to and resolving allegations of activity that violates any applicable national or international law or this Code, and  
to cooperate in good faith with national and international authorities exercising proper jurisdiction, in particular with regard to national and international investigations of violations of national and international criminal law, of violations of international humanitarian law, or of human rights abuses.  
Vegacy is committed to follow the International Code of Conduct for Private Security Services Providers

### **2. NOTES-EXPLANATIONS-DUTIES REGARDING SECURITY GUARDS**

The Team Leader is responsible for co-ordination with the Master for arranging with his Team to familiarize themselves with all Crew on board and their security duties during their service on board.  
The Team Leader will co-ordinate with the Master and the SSO to go around the vessel and familiarise himself and his Team with all parts of the vessel and all security measures in place.  
The Team Leader is responsible after carrying out the assessment of the security measures to recommend to the Master any additional measures for improvement.  
The Team Leader will explain to the Master and Crew when the firearms can be used, the Rules of the Use of Force, and what to do in case the arms are used.  
The Team Leader must ensure that himself and the Security Team when on security duty and preferably at all times when they are on board, to be clean-shaven, wear a clean company uniform with a logo and safety shoes. Use of alcohol and drugs is strictly prohibited.

Each Security Guard when on duty must wear the following clothing and carry the following arms and equipment:

One rifle, with three full magazines in his bag or close at hand.



- One tactical vest
- One helmet with a camera recorder
- A flash light
- A walkie-talkie with a full battery charge
- A first aid kit
- A rain coat/cover
- A flask of water

Plus one of each for the group:

- Satelite phone (held by Team Leader)
- Sea Binocular
- Night vision optical device

## **PART IX ADDITIONAL INSTRUCTIONS**

**(!) For tankers** – Team leader must consult with the Master as mobile phone, communication equipment and flashlight cannot be used unless they are of an approved type. The Security Guards are not allowed to smoke during their watch-keeping duties and when off-duty they must smoke only in the designated area, if there is one.

**Watch.** The schedule and position of the Security Guards must be agreed between the Master and the Team Leader. It is recommended that during daylight hours when passing through a high risk area, one Security Guard is to be stationed ALWAYS on the Bridge Wings or Monkey Island and replaced every 4 hours, and during darkness, two Security Guards to be on duty, one on each wing of the Navigation Bridge or at a more convenient place where they have better visibility around the horizon.

### **FACTORS OF SUCCESS:**

- (1)** Get updated intelligence based threat assessments throughout the contracted period on board and utilize this information to offer suggestions to the Master.
- (2)** Having a 24-hour Emergency Response and Contingency Plan in place covering all potential actions in coordination with the Master and monitoring the daily activities of the onboard Security Team.
- (3)** Coordinate with the Master to provide effective monitoring and shore-based support in order to develop liaison with UKMTO and (MSCHOA).
- (4)** To carry out training on board with the Ship's Crew on how to undertake counter piracy measures, so that command and control during an actual live operational situation where Security Guards may have to open fire to ward off the pirates, are clearly understood and practised, keeping in mind the unquestionable legal authority of the Master of the vessel over the Ship and its Crew including the Security Guards.

## **SCHEDULE F – INDIVIDUAL WAIVER**

(This Individual Waiver to be signed by Security Personnel prior to boarding vessel)

To: the Master of M/V

In consideration of (i) the sum of USD 10 - ( the receipt and adequacy of which I hereby acknowledge) and (ii) your allowing me to form part of the Security Personnel on board the M/V \_\_\_\_\_ flying the flag of (hereinafter called “the Vessel”) and to make the Transit from to pursuant to the contract for the provision of the security services using designated security equipment (hereinafter called “the Security Services”) made on the Sixteenth of July 2013 (16/07/2013) between the owners and/or operators and/or managers of the Vessel as Owners and my employees as Contractors, I undertake to the Owners as follows:

1. This undertaking, and any non-contractual obligation arising out of this undertaking (including, without limitation, questions of the Owner’s liability), is governed by English law. Any dispute arising out of this undertaking is to be decided by the English High Court to the exclusion of the courts or tribunals of any other jurisdiction.
2. I acknowledge and agree that, at all times throughout the duration of the Voyage and the performance of the Security Services, the Master shall have and retain ultimate responsibility for the safe navigation and overall command of the Vessel and that any decisions made by the Master shall be binding on me. I undertake to act upon the instructions of the Master at all times during the Transit. For the avoidance of doubt, nothing in this Clause shall compromise my right of self-defense in accordance with applicable national law.
3. I confirm that I have read and understood the Rules for the Use of Force which have been agreed between the Owners and the Contractors to apply during the Transit. I undertake to perform the Security Services always in accordance with such Rules for the Use of Force and all relevant national laws.
4. I expressly undertake and agree on behalf of myself, my heirs, executors and assignees forever that the Vessel, its Master, officers and crew, its insurers, the Owners and their subsidiaries and/or affiliate companies, the registered owner of the Vessel (if not the Owners), and each of their respective directors, employees and agents and any persons permitted by the Master to travel on board the Vessel other than myself and the team (together, the “ Owners’ Group”) shall be under no liability whatsoever to me (or to my heirs, executors and assignees) in respect of loss of life, illness, injury or loss off or damage to personal effects, luggage or other property is caused by the negligence of the Owners’ Group. Accordingly, I expressly agree to assume any and all risks concerning my loss of life, illness, injury and loss of or damage to my personal effects or luggage or other property whilst on board the Vessel and during embarkation and disembarkation.
5. The Contractors have insured against the risks, losses and liabilities dealt with in this letter and that to the extent that I or my heirs, executors and assignees may have a claim arising from my deployment, that claim will be notified and made to the Contractors and not to you or any other member of the Owners’ Group. I or my heirs, executors and assignees undertake to pay any and all expenses for medical treatment, maintenance, transportation, repatriation, burial and/or other expenses incurred by reason of my loss of life, illness or injury, whether or not caused by negligence of the Owners’ Group. To the extent that any of the Owners’ Group are nevertheless held liable by any third party to pay any or all such expenses, I or my heirs, executors and assignees expressly undertake to hold harmless, defend, indemnify and waive all rights or recourse against the Owners’ Group for all such expenses.

6. I confirm that I and/or Contractors have arranged appropriate insurance to cover my own personal injury or death compensation and associated medical costs, transportation, repatriation, burial and/or other costs and expenses incurred by reason of my loss of life, illness or injury.
7. I warrant my compliance with all quarantine, passport, weapons licensing other regulations for all ports of call during the Transit and I undertake to hold harmless, defend, indemnify and waive all rights of recourse against the Owners for all additional expenses which they may incur by reason of my non-compliance with this Clause 7, whether negligent or not, including but not limited to additional harbor, tonnage and light dues, fines and expenses arising out of delay or detention of the Vessel.
8. If any provision of this undertaking relating to claims for death of personal injury if found to be void or unenforceable, it is my intention and agreement that all other provisions of this undertaking shall remain in full force and effects unless the provisions which are invalid or unenforceable shall substantially affect the rights or obligations granted to, or undertaken by, me or any member of the Owners' Group relating to my death or personal injury. In such case I confirm my instruction and agreement to replace the invalid or unenforceable term with the following term:

“The provisions of the Athens Convention relating to the Carriage of Passengers and their Luggage by Sea done in Athens on 13 December 1974 (the “Athens Convention”) excluding any Protocols thereto are hereby incorporated into the terms and conditions of this Waiver (but not any Protocols thereto) as if this Waiver were a Contract of Carriage to which the Athens Convention were applicable. For this purpose the person signing hereunder shall be deemed to be a “passenger” and the contemplated voyage and/or visit shall be deemed to be “international carriage” as defined in the Athens Convention. In the event of any inconsistency between the terms and conditions of this Waiver and the terms of the Athens Convention, the terms of the Athens Convention shall prevail but without prejudice to the terms and conditions of this Waiver to the extent that they are not so inconsistent.”