

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (hereinafter this “MOU”) is made as of September 2, 2015 between Matson Navigation Company, Inc (“MNC” or the “Company”) and the Seafarers’ International Union – Pacific District (“SIU-PD” or the “Union”), which is comprised of the Sailors’ Union of the Pacific (“SUP”), Marine Firemen’s Union (“MFU”) and the Seafarers’ International Union of North America, AGLIWD (“SIU”).

Whereas, the Company desires to manage Ready Reserve Force (RRF) Vessels under the resultant Ship Manager Contract(s) from RFP DTMA91R140002; and

Whereas, the parties desire to have an agreement in place on the terms and conditions governing the employment of members of the Union on RRF Vessels in the event the Company is awarded the contract relating to the RFP (the MARAD Contract”); and

Whereas, the parties have other collective bargaining agreements and memoranda of understanding covering other vessels and business interests;

Now, therefore, the parties hereto agree to all terms and conditions of the RFP, except as specifically provided for herein. If there is a conflict or inconsistency between the MARAD Contract and this MOU, the terms of the MARAD Contract shall govern. Without altering that order of preference, the parties acknowledge that where there is no inconsistency between the MARAD Contract and this MOU, the MARAD Contract shall not be invoked arbitrarily to preempt the terms of the MOU. No preexisting or other memoranda of understanding, collective bargaining agreements or arbitration decisions between the parties shall be deemed applicable to this MOU, except as specifically and expressly incorporated herein by reference. If there is a conflict or inconsistency between this MOU and any portions of a preexisting collective bargaining agreement, memorandum of understanding or arbitration award that has been made applicable to this work, this MOU shall govern and the parties further agree as follows:

ARTICLE I

EMPLOYMENT

SECTION 1. PERSONNEL COVERED

- A. This Agreement applies to all Unlicensed Personnel, Deck, Engine and Steward, hereinafter employed aboard the RRF American-flag sea-going vessels operated by the Company or subsidiaries or affiliates (hereinafter referred to as “Vessel(s)”) as a result of a successful submission.
- B. Such crewmembers, unless otherwise indicated, shall be referred to herein as Unlicensed Personnel.
- C. The Company recognizes the Union as the sole representative of the Unlicensed Personnel for the purpose of Collective Bargaining.
- D. The Union agrees to furnish the Company with capable, competent, medically, dentally, psychologically and physically fit crewmembers when and where they are required, and of the ratings needed to fill vacancies necessitating the

employment of crewmembers in ample time to prevent any delay in the scheduled departure of any vessel covered by this Agreement.

- E. If the Union is unable to provide acceptable and qualified Unlicensed Personnel within a reasonable time or in any event in time to avoid a potential delay in the operation of the Vessels or a penalty to the Company, the Company may obtain the required ratings from whatever source is available, including another union. In that situation, the benefit contributions associated with the work done by such replacement personnel shall be paid to the union that provided the replacement personnel rather than to the union that was unable to supply the required personnel.
- F. Unlicensed crewmembers shall not leave a vessel until properly relieved.
- G. The Company and Union agree to work together to create a poll of mariners who are qualified to be assigned to these Vessels, and they shall seek to augment that list as appropriate to ensure timely filling of all positions. The Company shall not change out/rotate more than half of the officers or crew at one time. Without limiting the foregoing, the Company shall have the right to stagger the times at which Unlicensed Personnel are relieved, and the Company shall have the right to require that an Unlicensed Crewmember stay on the Vessel longer than his assignment or depart the Vessel at the end of his assignment.

SECTION 2. MEMBERSHIP

All Unlicensed Personnel who are presently members in good standing of the Union shall be required to remain in good standing or agency fee payers during the term of the Agreement as a condition of continued employment. All Unlicensed Personnel who are not members shall be required to become either members or agency fee payers of the Union within thirty-one (31) days after hire and shall remain members or agency fee payers in good standing as a condition of employment.

The Company has no obligation to take action under this Section until first notified by the Union that any of its Unlicensed Personnel has lost his good standing, and such Unlicensed Personnel has been afforded an opportunity to regain his good standing.

SECTION 3. CREW SELECTIVITY

- A. The Company shall have the right to select all qualified applicants for employment from the registration lists maintained at the various jointly operated Labor-Management Hiring Halls for the assignment or continuing assignment and group.
 - 1. Selection for Chief Steward – Applicants for Chief Stewards shall be selected from those seamen registered in the appropriate department and group.
- B. All such personnel shall be permitted to return to work after periods of vacation, Sick leave, or authorized leaves mutually agreed to by the Union and the Company.
- C. The selection of Unlicensed Personnel shall be accomplished in a method that requires the least amount of time, including the waiving of the standard industry shipping procedure, and provides the Company the right of refusal of candidates for assignment.

- D. All applicants for employment shall comply with all Government regulations relating to alcohol and substance abuse. It is understood that the Department of Transportation enforces a zero-tolerance of substance abuse in the work place.
- E. If MARAD has reason to be dissatisfied with the performance or conduct by any person employed by the Company, the Company shall, on receiving particulars on the complaint, investigate the matter and take immediate corrective action to include removal from all activities. The Company shall immediately notify the Union of any corrective action taken.
- F. All Unlicensed Personnel to be assigned to a Vessel shall be trained, qualified, medically/dentally and psychologically fit consistent with the Vessels mission and projected areas of operation. All unlicensed Personnel shall be U.S. citizens holding a valid passport for the full length of the assignment, provided that per RFP Section C.5.4.1.1.2 on vessels other than MDA vessels, not more than 25% of the Unlicensed Personnel may be resident aliens. At times of heightened security or a special project all Unlicensed Personnel may be required to be U.S. citizens. All Unlicensed Personnel shall possess U.S. Coast Guard seaman documents and STCW endorsements and all other papers required to occupy their rating valid for the full length of their assignments. The Unlicensed Personnel must be literate in English. All Unlicensed Personnel shall have valid Transportation Worker Identification Cards for the full length of the assignment. The Company and the Union shall work cooperatively to accomplish the mariner vetting required by the RFP (see, e.g., Section C.5.4.8) and by law.
- G. The Company shall have the right to terminate Unlicensed Personnel for valid cause.
- H. Unlicensed Personnel terminated for valid cause may not be eligible for future employment aboard an RRF Vessel whether terminated by the specific Company who terminated the employee or another Company or General Agent unless the termination is reversed.
- I. All crewmembers shall comply with all requirements of 46 C.F.R. Part 16 for chemical tests for dangerous drugs and alcohol.
- J. All Unlicensed Crewmembers will be advised of any and all immunization requirements prior to being assigned to a vessel.
- K. All Unlicensed Crewmembers shall receive the required current immunizations prior to embarking the Vessels. It is the Unlicensed Crewmembers responsibility to bring to the Company's or the MARAD'S/MSC's attention any reason why he or she should not receive immunization. A seafarer unwilling or medically ineligible to receive all required immunizations or inoculations is ineligible for employment on RRF Vessels.
- L. In addition to the foregoing, at any time during the period of this Agreement and any options or extensions thereto, the U.S. Government may establish, through written policies or directives, immunization programs for civil service mariners which shall apply to all crew, licensed or unlicensed, assigned to vessels under this Agreement.

- M. Any Unlicensed Crewmember who refuses to comply with such supplemental immunization directive(s) shall be removed from the vessel at his own expense as soon as possible, but not later than the next port unless otherwise authorized by MARAD/MSC, and shall be replaced with personnel who either have the required immunization or will comply with the policy/directive(s).
- N. Any Unlicensed Crewmember who is declared ineligible for a particular immunization shall be repatriated in accordance with Section Article II, Section 31. Transportation.

SECTION 4. PHYSICAL CONDITION

The Union shall not supply Unlicensed Personnel who have any existing health conditions which constitute a hazard to that person or others onboard ship, notwithstanding that the health condition is being effectively controlled by medication in accordance with USCG fitness for duty requirements. All Unlicensed Personnel shall be screened in accordance with the RFP (see Attachment J-3) to ensure that they are in good physical condition, do not have a history of injuries onboard ship, and do not have a history of inability to perform the physical requirements of the position for which they are applying. All physical examinations should be recent enough so they will not lapse during the expected length of the Vessel's upcoming mission assignment.

Unlicensed personnel shall not be accepted for employment if previously repatriated for a medical condition, unless a complete report from a physician provides verification that the predisposing condition has been corrected or cured, and the Company's licensed physician has approved such report.

Unlicensed Personnel joining the Vessel shall comply with all medical requirements of the MARAD Contract (including without limitation having a physical within the last six months prior to an activation, if required by MARAD) and must present or show evidence prior to travel or boarding the Vessels (or, if traveling overseas, the aircraft) as per Section 5 below.

SECTION 5. EMPLOYMENT

Personnel shall report with the following in their possession:

- PASSPORT and SEAMEN'S DOCUMENT (with endorsements for the rating for which they are hired)
- DRUG-FREE CERTIFICATE (within past six months)
- DOCUMENTATION OF CURRENT PHYSICAL EXAMINATION WITH A STATEMENT CERTIFYING FITNESS FOR DUTY IN ACCORDANCE WITH THE MARAD CONTRACT
- IMMUNIZATION RECORD
- UNION ASSIGNMENT SLIP
- CERTIFICATES OF TRAINING
- LICENSE AND REQUIRED ENDORSEMENTS

- MEDICAL PRESCRIPTIONS – adequate supply for intended voyage plus reserve with copy of medical prescription
- EXTRA EYE GLASSES
- PERSONAL SAFETY DEVICES customized safety glasses/shoes

SECTION 6. VESSEL MANNING

FOS and ROS manning will be in accordance with MARAD required manning, Attachment J14 Amendment 24. Manning may be modified in accordance with Section 5.8.2.2 and 5.9.2.2. FOS crew in excess of the crewing specified in Attachment J-14 Amendment 24 shall not be cost reimbursable unless a task order or contract modification has been authorized in writing.

All crewmembers are direct employees of the Ship Manager. All ROS maintenance crewmembers shall be considered probationary employees for the first sixty (60) days of their employment. During this probationary period, employment may be terminated by the Company. If employment is terminated during the probationary period, there shall be no recourse through the grievance procedure.

All maintenance crewmembers shall be subject to a performance review once every six (6) months of employment.

When ordering replacements the Company shall clearly specify whether or not the replacement is to be a regular crewmember or a maintenance employee.

SECTION 7. TOUR OF DUTY

In ROS, a tour of duty shall be a minimum of eight (8) months and a maximum of twelve (12) months.

In FOS, Unlicensed Personnel accepting employment in the deck and engine departments on the Vessels will be required to serve on that Vessel for a minimum of four (4) months on but not more than six months (6) months without a relief, and the Unlicensed Personnel accepting employment in the Steward's Department shall be dispatched for 120 days, subject in all situations to the operational requirements or unless they are reassigned or their services are terminated at an earlier date by the Company. Except in case of emergency, the Company shall not be required to pay travel expenses for a crewmember leaving the Vessel prior to the expiration of the one hundred twenty (120) day period of service.

No crew member shall depart the Vessel without being properly relieved, unless specifically authorized to do so by the Master before the arrival of such relief.

ROS crews and crews working during a shipyard/drydock period will sail with the Vessel on activation to FOS; provided, however, that this shall not preclude routine rotation of ROS crewmember with qualified replacements.

SECTION 8. DISCHARGE

A crewmember that is discharged for cause shall be given, on the date of discharge, a written statement advising of the discharge, and a detailed explanation of the

reason for discharge. Failure to furnish such a written statement will presumptively establish that the crewmember has been discharged without just cause. Such statement must be furnished to the Union Headquarters if the crewmember is not available.

ARTICLE II

GENERAL RULES

SECTION 1. COMMENCEMENT OF EMPLOYMENT

Per Diem as provided for in the Federal Travel Regulations (FTR) for the crewmembers requested by the Company shall start when the crewmember boards the plane if required to fly out. Otherwise, wages shall commence on the day the Unlicensed Crewmember actually “turns to” on board the vessel. FTR per diem rate shall be paid for all travel days when reporting to the vessel.

SECTION 2. TRAINING, DRILLS and EXERCISES

Unlicensed Personnel shall at their expense obtain and maintain all STCW training. In the event STCW training is reimbursed by MARAD, to that extent the Company shall reimburse the appropriate training plan. The cost of Government required training shall be reimbursed to the Unlicensed Personnel or to their training plan, provided it is reimbursable by the Government under the MARAD Contract.

All crewmembers shall participate, as directed, by attending orientation sessions, conferences, drills and training programs sponsored and/or required by the contract.

All crewmembers shall participate, as directed, in the vessel’s Safety Management Plan. Failure to abide by the vessel’s safety program may result in disciplinary action.

The Company shall provide orientation during duty hours to the joining members of the FOS, ROS-5, ROS-10 and RRF-10 Vessels. Within seven (7) days of joining the vessel all crewmembers shall receive instruction with respect to safety videos and equipment, shipboard physical security, equal opportunity, and the prevention of sexual harassment.

SECTION 3. DISCIPLINE

- A. The introduction, possession, or use of alcoholic beverages is prohibited by any person aboard these Vessels.
- B. Crewmembers arriving at the gangway in an apparent intoxicated condition will not be permitted on board without an escort.
- C. The possession of firearms, switchblades, knives or other dangerous weapons will not be permitted aboard. Masters may confiscate any items which in their judgment would endanger the crew, equipment or ship.
- D. Gambling of any sort, including the sale of Government lottery tickets, is prohibited.
- E. Smuggling or falsifying statements in regard to contraband is prohibited.
- F. Any crewmember who is discourteous (unprovoked) to any Government official, visitor or any infraction of the above may result in immediate dismissal.

Any infraction of the above items may result in immediate dismissal.

SECTION 4. PASSES

The Company agrees to issue passes to the Union Representative for the purpose of contacting its members aboard the vessel of the Company covered by this Agreement.

Representatives of the Union shall be allowed on board any time (provided permission from the Company/MARAD has been obtained) but shall not interfere with crewmembers at work unless said crewmembers are properly relieved. (Such relief shall receive no extra compensation.)

SECTION 5. GRIEVANCE COMMITTEE

For the adjustment of any grievances arising in connection with performance of this Agreement which cannot be satisfactorily adjusted on board the vessel there shall be established a Grievance Committee, which shall meet in San Francisco, California, unless otherwise mutually agreed. The Grievance Committee shall consist of two (2) representatives from the Union and two (2) representatives from the Company, and it shall be the duty of the Grievance Committee to meet within five (5) days of being notified of an unresolved grievance, Saturdays, Sundays and Holidays excluded. In the event the Grievance Committee cannot agree, the dispute shall be submitted to final and binding arbitration before an arbitrator mutually selected by the Union and the Company.

Any labor dispute that cannot be resolved through the normal grievance procedure shall be subject to final and binding arbitration.

In the event the Union and the Company cannot agree on the selection of an Impartial Arbitrator, then the Parties will select an Arbitrator pursuant to the procedures of the American Arbitration Association.

Expenses of an arbitrator shall be split. Each party shall pay its own attorney's fees.

All shipboard grievances must be filed by the unlicensed crewmember or his designated representative at the time of pay-off, or if incapacitated, with fifteen (15) days of pay-off (Saturdays, Sundays and Holidays excluded).

SECTION 6. NO STRIKES, LOCKOUTS OR LABOR DISRUPTION

- A. There shall be no work stoppages of any type, including but not limited to strikes, sympathy strikes, boycotts, slowdowns, sickouts, primary picketing, secondary picketing, lock-outs, protests against unfair labor practices, contract violations, social or political protests and any other protests or interruption or interference with work onboard the Vessel(s) for the full term of any voyage or any subsequent extension thereof.
- B. The Union agrees to support the Company fully in its efforts to maintain continuous operations. Direct participation by any crewmembers in any act violating this section, or the inducement of any crewmember to engage in a contractually prohibited strike or job action, is recognized as a cause for discharge.
- C. In the event that a crewmember engages, or threatens to engage, in conduct prohibited by this section, the Union will take immediate affirmative action to

prevent or terminate such conduct as the case may be including, but not limited to, immediately instructing the crewmember engaged in such activity to forthwith cease and desist from the same and to return immediately to work.

- D. Whenever it is claimed that the Company or the Union has violated this section, either party may notify the Impartial Arbitrator in writing, by mail or hand delivery. A copy of such notice shall be sent or delivered simultaneously to the party who is alleged to have violated this section. The claim shall be submitted to arbitration no later than twenty-four (24) hours after receipt by the Impartial Arbitrator, and his award shall be issued no later than twelve (12) hours after conclusion of the hearing. If the Impartial Arbitrator cannot, for any reason, conduct the hearing within the aforementioned twenty-four (24) hour period, the parties shall designate another person to act as arbitrator.

SECTION 7. DISCRIMINATION

The Company shall not discriminate against an individual based upon race, creed, color, religion, national origin, sex or age. All employees should be treated fairly and equitably with no discrimination of any type. This policy shall be maintained and fostered by all senior department personnel and by the vessel's Master.

A copy of the Company's developed policy and procedures to prevent discrimination and sexual harassment shall be available to crew and senior vessel management.

SECTION 8. BENEFIT PLANS

It is agreed that the Company will remain a party to the benefit plans of the Union.

There shall not be any duplication of contributions for days when there is an overlap between an Unlicensed Personnel relieving another Unlicensed Personnel. Contributions shall be paid on behalf of the departing seaman.

SECTION 9. SEPARABILITY

The Provisions hereof are subject to applicable Federal and State laws or regulations and, if any part hereof is in conflict therewith; such part shall be deemed inapplicable and to the extent thereof shall be deemed severed from this Agreement, the remainder of which shall remain in full force and effect.

SECTION 10. SHIPPING RULES

Shipping Rules promulgated by the Union which are not inconsistent with the terms of this Agreement, shall be deemed part of and incorporated into this Agreement, provided, however, that notwithstanding any provisions in the Shipping Rules, all permanently assigned crewmembers shall be permitted to return to the vessel for re-employment on it following their vacation, sick leave, etc.

SECTION 11. SHIPPING ARTICLES

The Parties agree that the provisions of this Agreement shall be, and be deemed to be, incorporated in and part of the Shipping Articles covering voyages of the vessel covered by this Agreement and further agree that appropriate notation thereof be made on the Shipping Articles. Shipping Articles will be renewed every twenty-eight (28) days.

Each crewmember signs on new articles and off previous foreign articles every twenty-eight days.

A crewmember cannot remain aboard a vessel crewmember in excess of twelve (12) months without prior written consent of the Union.

SECTION 12. SHIP SERVICES

The Company shall make necessary arrangements for the delivery and forwarding of mail both for the crew and the ship's business at all times. However, during activation, MARAD may direct that the ship be entered into the U.S. Fleet Postal Service.

The Company shall provide recreational reading materials/video tapes when the ship is in Phase O at its expense. The Company is cautioned to remember the diversity of crewmembers when selecting video tapes and reading materials.

SECTION 13. PERSONAL COMMUNICATIONS

All email and other message traffic will be handled via the Government's communication systems, and the operation of the Vessels may be classified. Therefore, certain types of information and transmissions may be prohibited, and all communications must be appropriate in all respects for transmission via those systems. Additionally, there will be times when no personal communications may be transmitted from the Vessels. Crewmember communications may be monitored by the Government or the Company without further notice. In FOS, all personal calls will be at the Master's discretion.

SECTION 14. LAUNCH SERVICE AND SHORE LEAVE

The Master shall provide launch service only when safe conditions warrant it.

While the vessel is in port, selected Unlicensed Deck Personnel may be required to serve as a "gangway watch," with or without firearms. Such unlicensed personnel shall comply with the Government's security requirements and procedures in regard to performance of their duties as gangway watchmen. While serving as a gangway watchman, unlicensed personnel shall receive the same compensation as if performing any customary watchstanding duty.

Due to the operational requirements of these Vessels whereby they may operate in remote and hostile environments, it is recognized that there may be instances whereby Vessel personnel may be restricted from shore leave by local civilian/military government authorities or the local MARAD on-site representative. When docked at a military facility, crewmembers are subject to base regulations including detainment/arrest for violations. If the crew is to be restricted to the Vessel, the Master shall post timely notice of this in a public location. This notice shall state the reason for restriction and the government agency that required it. Masters shall make an entry in the Vessel's log. If a Vessel is not restricted but no launch service is available, the Master shall post this notice and obtain from local authorities (or at the minimum the local agent) a letter stating that the Vessel was not restricted but that the launch service was not available.

SECTION 15. SLOP CHEST

A Slop Chest shall be maintained onboard each RRF ship for the use of the crew and embarked personnel during FOS. The Company shall ensure that the supply of retail items available shall support the crew and embarked personnel. Embarked Government personnel shall be provided the opportunity to purchase retail items in the same manner as the rest of the crew. Adequate supplies to support deployment shall be brought onboard prior to FOS.

SECTION 16. SUBSISTANCE/FOOD PROVISIONS

FOS

- A. The Company shall have total responsibility for food provisioning to feed all RRF ship's crews and embarked personnel.
- B. Subsistence stores shall be provided to a level commensurate with planned vessel operational schedules.

ROS

- A. Given the ROS Monday – Friday work schedule, meals will not be provided to ROS Unlicensed Personnel on weekends; provided, however, that on weekends or holidays if Unlicensed Personnel are called in to work and actually turn to, and if a meal is not provided, they will be provided with subsistence at the FTR rate.

SECTION 17. UNUSUAL EMERGENCIES

The Company and its employees agree to obey the lawful orders emanating from the Maritime Administrator, Secretary of the Navy, Secretary of Defense and/or President of the United States in all cases relating to unusual emergency, natural disaster, contingency, notification and/or war.

SECTION 18. MISSION READINESS

The overall responsibility of the Company is to maintain its assigned RRF ships in Fully Mission Capable Readiness Status and to efficiently operate these Vessels in support of national defense objectives. Fully Mission Capable Readiness Status is defined as capable of ship activation within the required readiness period and remaining fully available and operational without interruption to mission.

Crew billets are to be maintained 365 days per year. Maintenance crewmembers shall perform routine shipboard maintenance when the Vessels are in idle status and to crew and sail the Vessels if activated. Maintenance crewmembers shall possess a current U.S. Coast Guard certificate for the rating to which they are assigned. During this phase, the vessel is preserved, tested, repaired and maintained in its required state of readiness. Vessels may be in a partially crewed and operational state (ROS-5 or ROS-10) or may be in lay-up (RRF-10). During this phase the vessel must be capable of activation within the assigned time frame and of operating successfully for the duration of the mission.

SECTION 19. VESSEL BREAKOUT

Crewmembers permanently assigned to the activated vessel must be part of the sailing crew. Other Maintenance crewmembers, generally from a vessel in the same group, may help to make up the balance of the sailing crew.

In the event of extended operations the Company will make every effort to provide reliefs, if available, between 120 and 180 days with a minimum of no less than 60 days employment for all crewmembers assigned to a vessel. The reliefs shall be staggered in order to ensure that a sufficient complement of qualified seamen is employed aboard at all times.

If requested the Company will provide reliefs first to crewmembers who were part of the ROS crew.

SECTION 20. HOURS OF LABOR AND COMPENSATION

In FOS and ROS crewmembers shall work a 40-hour workweek consisting of 8 hours per day, five (5) days a week, Monday through Friday. Overtime shall be paid at the rates stated in the Appendices for all hours worked in excess of eight (8) hours Mondays through Fridays and any time worked on Saturdays, Sundays or Holidays.

In both FOS and ROS, overtime work shall be in accordance with the requirements of the Vessel as determined by the Master or, in ROS, the Chief Engineer, and there is no guaranteed amount of overtime. Overtime shall be paid in ½ hour increments, except that there shall be a minimum payment of one (1) hour overtime.

When a Vessel is in port in ROS or FOS the Company may put Unlicensed Personnel on a watch rotation, such that the watch will be compensated at the normal daily rate and any other hours will be paid at the overtime rate.

Steward Department crewmembers will work a 40-hour week consisting of 8 hours per day, Monday through Friday to be divided between three serving periods in the twelve hour period between 0630 and 1830.

SECTION 21. CREW REQUIREMENTS AND DUTIES

It is understood that each crewmember shall perform the recognized and customary duties of his particular rating. Members of all departments shall perform the necessary duties for the continuance of the operations of the Vessel as set forth in the MARAD Contract, to ensure continuity of maintenance and repair and that the equipment is well preserved and in a high state of readiness at all times. Work schedules for each Unlicensed Personnel shall be consistent with the Vessel's mission and the terms and conditions of this MOU. Maintenance crews shall be expected to work as a team with no regard to departmental boundaries when work is related to maintaining the safety, security and habitability of the Vessels. This type of work that all maintenance crewmembers would be expected to do as a team includes, but is not limited to, the following: securing the Vessels for prevailing weather conditions; adjusting or doubling up/stowing mooring lines, adjusting the gangway; taking on and stowing the Vessel's stores and spare parts; operating cargo equipment for storing or testing; assisting the Vessel habitability requirements; and housekeeping.

On ships that are nested or berthed in proximity to each other, a single Steward's Department may be used to service multiple ships.

When it is necessary to shift a man to fill a vacancy, the man so shifted shall perform the duties of the rating to which he is assigned.

The Unlicensed Personnel agree to obey the lawful orders emanating from the Secretary of the Navy, Secretary of Defense, and/or President of the United States in all

cases relating to unusual emergency, natural disasters, contingency, mobilization and/or war.

Nothing contained in the MOU is intended to limit the authority of the Master and/or ship's officers to ensure the obedience of the Unlicensed Personnel to any lawful order.

SECTION 22. UNIFORMS, EQUIPMENT AND APPEARANCE

The appearance, dress and behavior of the crew shall be a credit to the U.S. Government status of these Vessels pursuant to the provisions of the RFP. If Unlicensed Personnel are required to wear uniforms, the cost shall be for the Company's account. Unlicensed Personnel shall provide and bring with them customized personal protective equipment such as glasses and shoes.

SECTION 23. PERSONAL EMERGENCIES

Personal emergencies arising while a Vessel is operationally employed will not be considered justification for aborting the mission or otherwise calling on any port solely to accommodate the emergency. The appropriate course of action for handling medical emergencies at sea will be decided on a case-by-case basis by the Master and/or the Medical Person in Charge in consultation with the Operations Commander.

SECTION 24. CALENDAR DAY

For the purpose of this Agreement, the calendar day shall be from midnight to midnight.

SECTION 25. WAIVERS

The following provisions of the Agreement shall be deemed waived and have no application to this vessel(s):

- Sales and Transfers
- Severance
- Delayed Sailings
- Restriction to Ship**
- Longshore Work
- Penalty work

**When restricted to ship, the Unlicensed Personnel shall be subject to the same restriction provisions as civilian employees of the Government when restricted at the direction of the Government. .

SECTION 26. CHECKING OVERTIME

No work specified in this Agreement as overtime work shall be performed unless authorized by the head of the particular department. After authorized overtime has been worked, the senior officer of the department on board will approve the crewmembers documented overtime sheet stating hours of overtime and nature of work performed.

SECTION 27. COMPENSATION, DRAWS AND ALLOTMENTS

Additional manning, compensation and work rules shall be as specified in Appendix 1 (applicable to the SUP only), Appendix 2 (applicable to the MFOW only), and Appendix

3 (applicable to the SIU-AGLIWD only). The Company shall have no obligation to pay any wages, fringe benefit contributions, benefit plan contributions or other compensation that are not expressly stated in this MOU or on Appendices 1, 2, or 3.

Wages and benefits shall commence on the day the Unlicensed Personnel actually “turns to” aboard the Vessel; provided, however, that an Unlicensed Personnel, when traveling from one Company ship directly to another Company ship, shall be paid the daily base wage and full benefit plan contributions.

Given the mission of these Vessels there shall be no additional compensation in connection with Unlicensed Personnel being required to bear arms at any time during their employment.

Unlicensed personnel shall be entitled to War Risk Second Seaman's coverage and any War Risk Bonuses and Imminent Danger Pay for which the Company is reimbursed by MARAD in accordance with section C-5.9.6.1 of the RFP. War Risk Bonuses and Imminent Danger Pay are not paid concurrently.

(a) Draws and Allotments

Monies tendered for draws in foreign ports shall be made in United States currency, failing which traveler's checks shall be issued at the Company's expense, except where currency laws established in foreign countries prohibit such issuance.

When American money is aboard, advances shall be put out the day before arrival in port.

Procedures shall be established on all Vessels on foreign or intercoastal articles whereby allotments or remittances may be made at the behest of the crewmembers, not less than once every thirty (30) days if so requested by the crewmember.

SECTION 28. VACATION

A. ROS

ROS vacation shall be accrued at the rate of 2 days for every thirty (30) calendar days worked as an ROS maintenance crewmember (maximum of 24 vacation days per year) Accrued but unused vacation days will be lost upon termination of employment or the end of the ship manager contract, whichever comes first. In accordance with MARAD policies, Unlicensed Personnel shall take full advantage of the vacation benefit by using leave regularly rather than accumulating a large amount of leave for use, or which the ROS crewmember may intend not to use, near the expiration of the MARAD contract or any extensions of the MARAD contract.

MARAD will determine on a case by case basis if a position will be filled while the crew member holding the position is absent.

During each calendar year of 365 days, the ROS crew shall receive 10 paid holidays, 12 sick days, 24 days paid vacation and 104 days off for weekends.

B. FOS

Any vacation time earned while sailing on an activated (FOS) vessel shall be paid as per the Company-Union Collective Bargaining Agreement. Since such vacation pay is separate from that while employed in the ROS Crew program, a crewmember may elect to file for his vacation benefits under the Company-Union Collective Bargaining Agreement and still return to his position in the ROS Crew.

SECTION 29. HOLIDAYS

New Years Day	Labor Day
Martin Luther King, Jr. Day	Columbus Day
Presidents Day	Veterans Day
Memorial Day	Thanksgiving Day
Independence Day	Christmas Day

SECTION 30. SICK LEAVE.

A. ROS/MAINTENANCE PERSONNEL

Sick leave will accrue at the rate of one day for each thirty (30) calendar days worked as a maintenance crewmember (maximum of 12 sick days per year), to be payable when crewmembers are unable to perform their normal maintenance duties due to illness. Abuse of this privilege shall be grounds for disciplinary action, including dismissal. Per RFP Section G.9.2, ROS crewmembers are not entitled to unearned wages and instead are entitled to use sick leave accumulated under the terms of this MOU.

Sick leave shall accrue from one year to the next during the first three years of contract performance. Unless MARAD declares its intention to exercise an option under this contract, the Ship Manager shall, prior to the start of the fourth year of contract performance, advise all ROS crewmembers to use or lose all accrued sick leave during the fourth year of the contract performance.

B. FOS/ MAINTENANCE AND CURE

1. Maintenance and Cure shall be paid at the industry standard rate of eight dollars (\$16.00) per day Maintenance and Cure shall not be withheld in any case merely because a claimant has also submitted a claim for damages or has filed suit thereof or is taking steps to that end.
2. The payment of Maintenance and Cure, or unearned wages, when denied, may be taken up on its merits, under the grievance machinery of the agreement, providing a reasonable period of time has been allowed to the Company to ascertain the facts involved. And no such issue may be submitted to arbitration unless the individual crewmember involved agrees that the Arbitration Award shall act as a complete and final substitute of any claim for Maintenance and Cure or unearned wages, and also to provide that initiation of suit of Maintenance and Cure will not preclude presentation of a grievance for arbitration if the crewmember agrees that such arbitration will be final adjudication.

3. The sole fact that a crewmember has made a claim for Maintenance and Cure, unearned wages or damages resulting from illness or injury, shall not constitute just cause for discharge or denial of reimbursement where otherwise required under the Agreement.

SECTION 31. TRANSPORTATION

Transportation will be reimbursed at Federal Travel Regulations (FTR) rates for crewmembers initially joining the vessel and when terminating their employment in the ROS Crew, provided that the port of engagement or disengagement is different from the individual's home of record. This reimbursement is only for the assigned crewmembers at initial joining or at the end of their assignment. Transportation reimbursement will not be made for vacations, replacements, in case of sickness, for a crewmember that is discharged for cause, departs a Vessel without a discharge or fails to join a Vessel. Also, per RFP Section C.5.8.2, the Company shall have no obligation to reimburse transportation for an ROS crewmember who elects to terminate his/her employment.

For air travel, unless otherwise provided, between home and ship and vice versa, and from one Company ship to another Company ship, Unlicensed Personnel shall receive economy class air transportation and be reimbursed in accordance with the Federal Travel Regulations (FTR). The Federal Travel directory shall be used to verify current maximum allowable subsistence and lodging rates. There will be no reimbursement without proper and complete receipts. For other travel, Unlicensed Personnel travel expenses shall be reimbursed in accordance with the Government's Federal Travel Regulations (FTR) for the area in which the travel occurs.

SECTION 32. SHIP SMARTNESS

The ships to be operated under this contract are public vessels of the United States. Material conditions, personal appearance, discipline, customs and usage should all be maintained at a sufficiently high standard that the conduct of the operation of these ships will not bring criticism or discredit upon the United States.

At all times, the Vessel shall meet the highest possible standard of appearance and vessel smartness through a continuous program of vessel maintenance. Additionally, all living spaces, staterooms, passageways and stairwells shall be maintained in a clean and sanitary condition.

SECTION 33. SMOKING POLICY

There shall be no smoking in or on the Vessels except in areas specifically designed as smoking areas by the Master.

SECTION 34. ROS

An ROS crew is a group of crewmembers assigned to a specific RRF ship. ROS crewmembers are provided accommodations (all week) and messing (Mon-Fri) onboard the vessel. The ROS crew's primary responsibilities are to:

- Become completely familiar with shipboard equipment and systems;
- Perform Vessel Maintenance Actions;
- Perform general shipboard duties;

- Operate and maintain shipboard equipment and systems during idle status;
- Perform repairs and assist in supervising industrial repairs;
- Maintain the ship's inventory;
- Crewmembers working on laid up vessels will be required to maintain individual daily work logs listing a basic description of the work performed in accordance with Company guidelines; and
- Activate (transition) and operate the ship, when directed.

All ROS crewmembers as appropriate to their rating shall:

- Assist in ship activations and sail as a member of the full crew.
- Assist new crewmembers to become familiar with the proper and safe operation and maintenance of shipboard equipment and systems including all compartments, major systems, as well as fire fighting and damage control equipment and systems.

SECTION 35. ROS SECURITY WATCH

Security Watches: In line with the RFP and federal regulations, security checks/watches may be in effect during ROS twenty-four (24) hours per day and (7) seven days per week. The personnel performing the duties associated with vessel security shall be assigned at the discretion of the ship manager. ROS vessel security duties may include answering alarms, performing security rounds and assuring that unauthorized personnel do not board the vessel. The crewmember must respond to contingencies including fires, flooding, security breaches and equipment failures. The vessel security duty person shall be compensated at the rate of ten dollars (\$10.00) per hour for each hour of security duty between the hours of 1700-0800 Monday-Friday (including holidays) and for all hours of security duty on Saturdays and Sundays. Crewmembers that are required to perform work during the security duty shall be paid at their billet overtime rate in lieu of the security duty rate for all such hours of work. The security duty rate shall be paid in half-hour increments.

SECTION 36. ROS COMPOSITION

ROS crew for a vessel in Reduced Operational Status shall be in accordance with MARAD Contract Attachment J-14 Amendment 24 provided that manning may be modified in accordance with Section 5.8.2.2 and 5.9.2.2.

Due to the size and composition of ROS maintenance personnel, it is understood that ROS maintenance crews shall be expected to work as a team with no regard to departmental boundaries when work is related to maintaining the safety, security and habitability of the vessel. The type of work that all ROS maintenance crewmembers would be expected to do as a team includes, but is not limited to the following:

- The Steward Department shall not be required to perform routine maintenance on deck or engine room except as provided in the above paragraph,
- Secure Ship for Prevailing Weather Conditions
- Adjust/Double up/Stow Mooring Lines
- Adjust Gangway

- Take on and Stow Ship's Stores/Spare Parts
- Operate Cargo Equipment for Storing/Testing
- Assist with Vessel Habitability Requirements
- Housekeeping: In order to allow for subsistence onboard with minimal housekeeping staff, all maintenance crewmembers shall be expected, in addition to specific duties described below, to maintain the cleanliness of their own quarters and make up their own bunks. The Steward/Cook and GVA shall maintain the galley, messing areas, and shall collect/supply dirty/fresh linens weekly and clean common spaces.

If hotel services are lost on an ROS vessel, the Company retains the right to temporarily house the ROS crew on an adjacent ROS vessel while repairs are on-going. Twenty-four hours after the incident which caused the loss of hotel services, the Company may obtain temporary housing for the ROS crew.

If a vessel is transferred from its original home port, maintenance and ROS crews shall be provided subsistence and lodging in accordance with the highest Federal Travel Regulations (FTR) for the area as they apply to civilian employees of the government if not provided for onboard.

Within the 365 days, each ROS crewmember is entitled to 10 holidays, 24 vacation days, and a maximum of 12 sick days off with pay if required.

SECTION 37. ROS CREW ATTENDANCE

Outside of the normal working hours, if an ROS crewmember is required to be onboard a vessel due to severe weather, standard overtime will be authorized.

All ROS crewmembers are subject to call-back. No overtime or compensation is payable simply for being subject to call-back. However, if called back by the duty officer, a crewmember shall receive overtime in accordance with normal procedures for work in excess of a 40 hours week. This time shall be calculated from the crewmember's arrival onboard ship.

SECTION 38. VESSEL TRANSITION TO FULL OPERATING STATUS, NOTICE OR NO-NOTICE

During a vessel transition, ROS Maintenance crewmembers for the class of ship may be sent to the vessel being transitioned to assist in the transition.

ROS Maintenance crews with co-located vessels shall assist the transitioning vessel if the remaining vessel is not being simultaneously transitioned.

It is the Government option to re-assign crewmembers from other ROS ship(s) to assist with the transition. These crewmembers remain on their ROS wages.

The crewmembers permanently assigned to the transitioning vessel shall be part of the sailing crew, in the rating held while in idle status or in a higher rating, as necessary. Crewmembers designated to sail with the vessel shall be signed on Articles as appropriate.

For co-located ROS vessels: all ROS crews may assist during the maintenance activation transition. It is the Company's option to temporarily assign other ROS

crewmembers during maintenance activation with sea trial. When a vessel in Reduced Operating Status (ROS) is manned under the ship group nesting concept, unlicensed engine room personnel crew reductions may be necessary due to the activation of a vessel in the ship group. Unlicensed engine room ratings with the longest period of service aboard the ROS vessel shall have the option to remain aboard or transfer to the activated vessel.

Maintenance crewmembers who fail to perform their required duties during a vessel transition, or who fail to sail with the vessel as required, barring any extenuating circumstances as determined by the Company, shall be subject to disciplinary action. In the event that the crewmember was determined to be fit for duty with no extenuating circumstances as determined by the Company, such disciplinary action shall include denial of future employment onboard all RRF vessels.

If performance was satisfactory, such transfer from maintenance crewmember to sailing crewmember shall not break any continuous employment, and the crewmember shall revert to his/her original maintenance status at lay-up.

In the event of extended operations all crewmembers assigned to the vessel shall be provided reliefs as per the appropriate employee agreement. The Government retains the right to phase in reliefs in order to provide continuity.

SECTION 39. RIDING CREWS

- A. The Company shall have the option of employing Unlicensed Personnel as members of a “riding crew” consisting of such ratings as it deems necessary to conduct a viable maintenance and repair program aboard its vessels.
- B. Riding crews may perform routine maintenance and repair throughout the vessel without restriction and shall receive the appropriate wages and benefits as agreed to, provided, however, that the Company can supplement the riding crew on a temporary basis with outside specialists who are not covered by the Agreement for the purpose of making necessary repairs requiring skill, training or experience not possessed by the ship’s regular crew complement or the riding crew.

SECTION 40. LODGING

FOS/ROS – When lodging is not provided on the vessel, Unlicensed Personnel shall receive Lodging allowance in accordance with the highest Federal Travel Regulations (FTR) for the area as they apply to civilian employee of the government.

ARTICLE III

STEWARD DEPARTMENT

The STEWARD DEPARTMENT shall perform the following on a daily basis Monday-Friday only: (NOTE: Such work is to be performed in an eight (8) hour split shift between 0630-1830 daily.)

- Prepare three meals.
- Clean galley facility and mess areas.
- Garbage removal.

- Domestic reefer inspections.

The Steward Department is also responsible for keeping clean recreation rooms and passageways; collecting, inventorying and bundling dirty linen service and distributing fresh linen to other crewmembers on a weekly basis, inventorying, ordering and stowing provisions.

The following guidelines shall be utilized when executing Steward Department duties:

1. Galley Facility. Galley area, cooking utensils and cooking area shall be maintained in a clean, sanitary ship-shape condition at all times. All food leftovers, cooking grease and perishable materials shall be removed and properly stored. Galley area must remain clean between meals.
2. Garbage. All trash and garbage accumulated each day shall be removed to the ship's garbage room, compacted and removed to shore dumpsters. Do not allow garbage to accumulate onboard the ship. All garbage pails and ship garbage drums shall be covered per U.S. Department of Agriculture (USDA) rulings.
3. Domestic Reefer Inspection. Make daily rounds to check all domestic reefer temperatures and conditions. Abnormal temperatures shall be reported to the Chief Engineer immediately. All foodstuffs must be covered and properly stored. Questionable or spoiled stores shall be removed to the approved trash facility.
4. Mess Areas. Mess Areas shall be cleaned, mopped and sougeed daily. All garbage and food wastes removed to the approved trash facilities. Table linens shall be changed weekly or as necessary.
5. Inventory Renewal. Provisioning of ROS crew, determination of and rotation of foodstuffs. The Steward's Department shall remove from the ship and dispose of foodstuffs with expired freshness/use by dates.
6. Passageways and Cabins. Open and inspect cabins presently utilized for ROS personnel. Sougee quarters, head, deck and bulkheads. Clean and sougee all passageways and bulkheads. Report any damages to the senior crewmember.
7. Linen and Equipment Inventory. Every 30 days, soiled linen shall be bagged and collected for shoreside cleaning. Standing inventory of the ship's linen and galley shall be recorded and updated monthly.

If the ship carries more than twelve (12) Government personnel, the parties agree to petition the Government for extra department personnel.

DURATION OF AGREEMENT

The term of this MOU shall commence upon the commencement of the MARAD Contract and shall remain in effect for the term of the MARAD Contract, including any extensions, provided that this MOU shall terminate upon the termination or expiration for any reason of the MARAD Contract.

If the MARAD Contract is extended beyond its initial term (including extensions provided for in the RFP), the wage and benefit rates applicable to the final year shall remain in effect for the remainder of the extended term of the MARAD Contract, up to an extension of six (6) months. In the event the MARAD Contract is terminated, the Company shall notify the Union in writing of such termination within fifteen (15) days.

The parties agree that, to the maximum extent permitted by law, no obligations on the part of Matson Navigation Company created by the MOU shall carry forward or in any way extend beyond the termination of this MOU, with the sole exception of benefits earned prior to the termination of this MOU.

Except as specifically provided for herein, the work rules and employment conditions shall conform to the customary and traditional jurisdiction working environment.

Matson Navigation Company, Inc

Sailors Union of the Pacific

By: John W. Sullivan

By: Gunnar Lundeberg

Dated: September 23, 2015

Dated: September 3, 2015

Seafarers International Union AGLIWD

Marine Firemen's Union

By: George Tricker

By: Anthony Poplawski

Dated: September 3, 2015

Dated: September 2, 2015