



Australian Government
Department of Defence

FUTURE SUBMARINE PROGRAM
STRATEGIC PARTNERING AGREEMENT
CONTRACT NO: CASG/SD/Con9044/1

PARTIES

COMMONWEALTH OF AUSTRALIA represented by the Department of Defence
ABN 68 706 814 312 (**Commonwealth**)

and

Naval Group S.A. (ABN 54 162 722 901), a French "*Société Anonyme*", with a share capital of 563,000,000 Euros, whose registered office is at 40-42, rue du Docteur Finlay, 75015 Paris, registered on the Trade and Companies Register of Paris under number 441 133 808 (**Naval Group**)

and

Naval Group Australia Pty Limited (ABN 14 605 467 123), of Level 2, 1 Richmond Road Keswick SA, 5035 (**Naval Group Australia**)

(together Naval Group and Naval Group Australia are the **Naval Group Parties**, and jointly and severally, the **Contractor**)

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BACKGROUND

- A. The Commonwealth has a requirement for a regionally superior Future Submarine capability to be delivered in accordance with the stated objectives of the Future Submarine Program.
- B. The Commonwealth and Naval Group entered into a Design and Mobilisation Contract (CASG/FSP/Contract356/2016) on 17 October 2016 for Naval Group to perform mobilisation activities and initial design services for the FSP in the period leading up to the execution of the SPA.
- C. The Parties now wish to enter into the SPA, which sets out the overarching arrangements with the Contractor in relation to the FSP, including the responsibilities of the Contractor for the delivery of the Program. The SPA also contains the process for the Parties to enter into the Program Contracts, and the terms and conditions applicable to those Program Contracts, under which the Contractor will undertake the design, build, integration, test and delivery of the Future Submarines, and provide other Supplies, to deliver the Future Submarine capability in accordance with the FSP Objectives, as described in the SPA.
- D. Successful delivery of the Future Submarine capability, and achievement of the FSP Objectives, will require the Commonwealth and the Contractor to cooperatively and collaboratively work together in respect of the Whole Warship and the Whole Combat System elements being provided by the Contractor, and with the Combat System Integrator in respect of the integration of the Whole Warship with the Combat System, to meet the separate roles and responsibilities allocated to each of them in connection with the FSP and as described in the SPA, the Program Contracts and the contractual agreements with the Combat System Integrator.
- E. The Contractor has offered to undertake the delivery of, and to perform its responsibilities with respect to, the FSP on the terms set out in the SPA and each Program Contract to be entered into in accordance with the SPA.
- F. The Commonwealth has agreed to accept the undertaking of the Contractor to deliver, and to perform its responsibilities with respect to, the FSP on the terms set out in the SPA and each Program Contract to be entered into in accordance with the SPA.
- G. The Commonwealth has agreed to perform its responsibilities with respect to the FSP on the terms set out in the SPA and each Program Contract to be entered into in accordance with the SPA.



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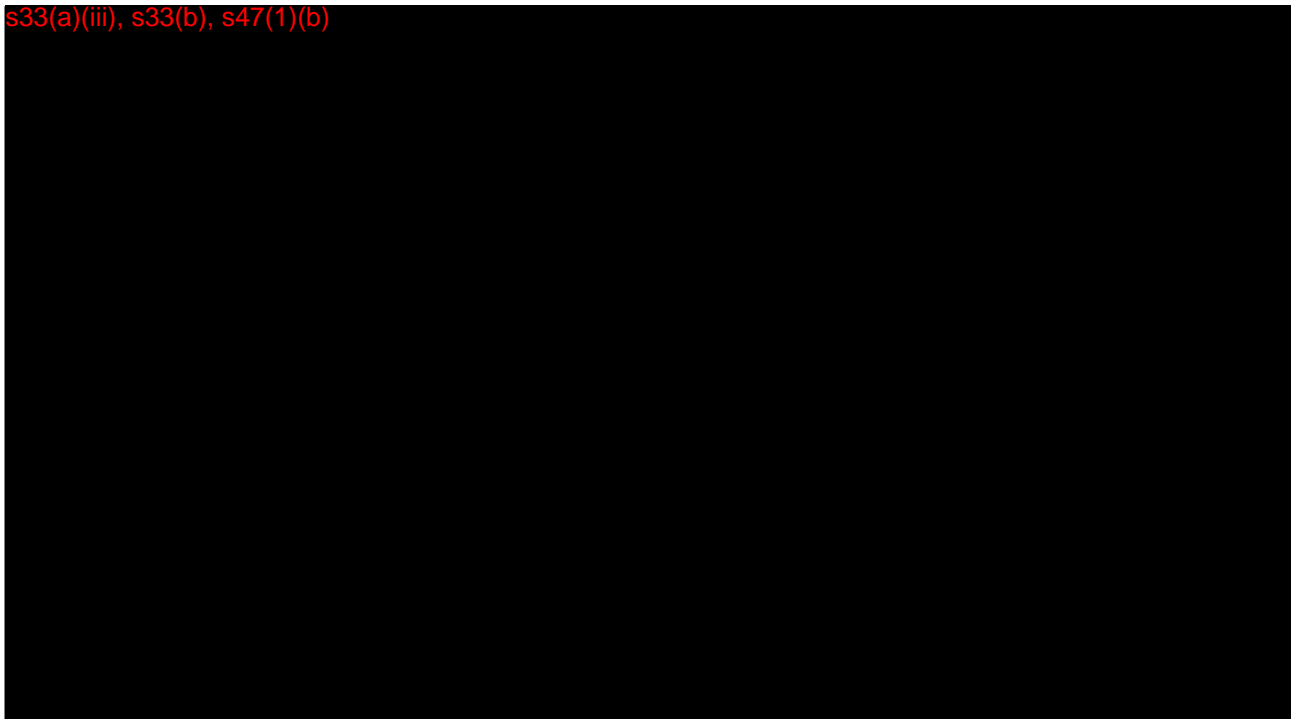
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SCHEDULE 13 – AUSTRALIAN INDUSTRY CAPABILITY STRATEGY

s33(a)(iii), s33(b), s47(1)(b)



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3.1 Purpose of SPA

3.1.1 The SPA:

- a. defines and establishes the overarching contractual framework that will apply across the phases of the FSP, including the scope and purposes of, and process for entering into Program Contracts during the term of the SPA for the Contractor to perform work and deliver Supplies for the Future Submarine Program (FSP); and
- b. sets out the FSP Objectives and describes the overarching key roles and responsibilities, relationships, governance arrangements and other enduring principles, commitments and requirements central to delivery of the FSP and achievement of the FSP Objectives.

s33(a)(iii), s33(b), s47(1)(b)



s33(a)(iii), s33(b), s47(1)(b)



4.1 FSP Objectives

4.1.1 The FSP has the following strategic objectives (**FSP Objectives**):

- a. to deliver to the Commonwealth a regionally superior submarine capability that provides the Commonwealth with enduring sovereign control over the operation and sustainment of Australia's Future Submarine capability;
- b. to address Australian regulatory safety and environmental obligations in the submarine design and through developing a sound Mission System Seaworthiness Case;
- c. to deliver an affordable Future Submarine capability within the agreed timeframe and with the knowledge and skills to understand and control sustainment cost drivers for the life of the class; and
- d. to maximise Australian industry involvement through all phases of the FSP without unduly compromising capability, cost and schedule.

4.1.2 The Parties will seek to achieve the FSP Objectives through developing and fostering a long term mutually beneficial relationship that is supportive and complementary of these objectives.

s33(a)(iii), s33(b), s47(1)(b)



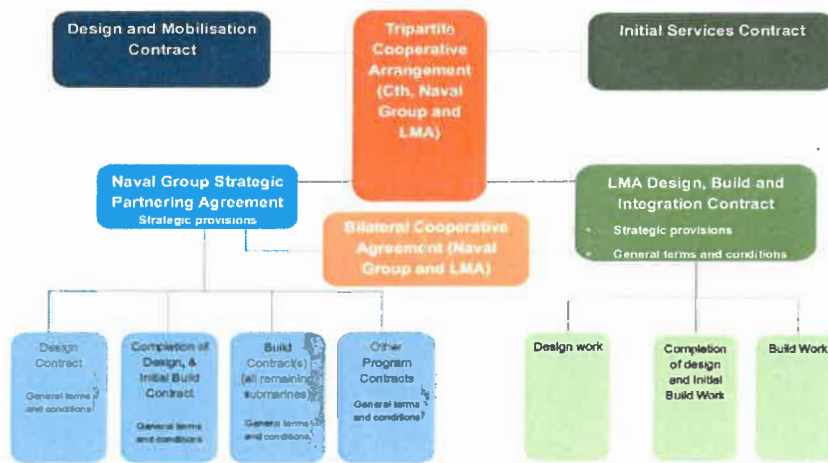
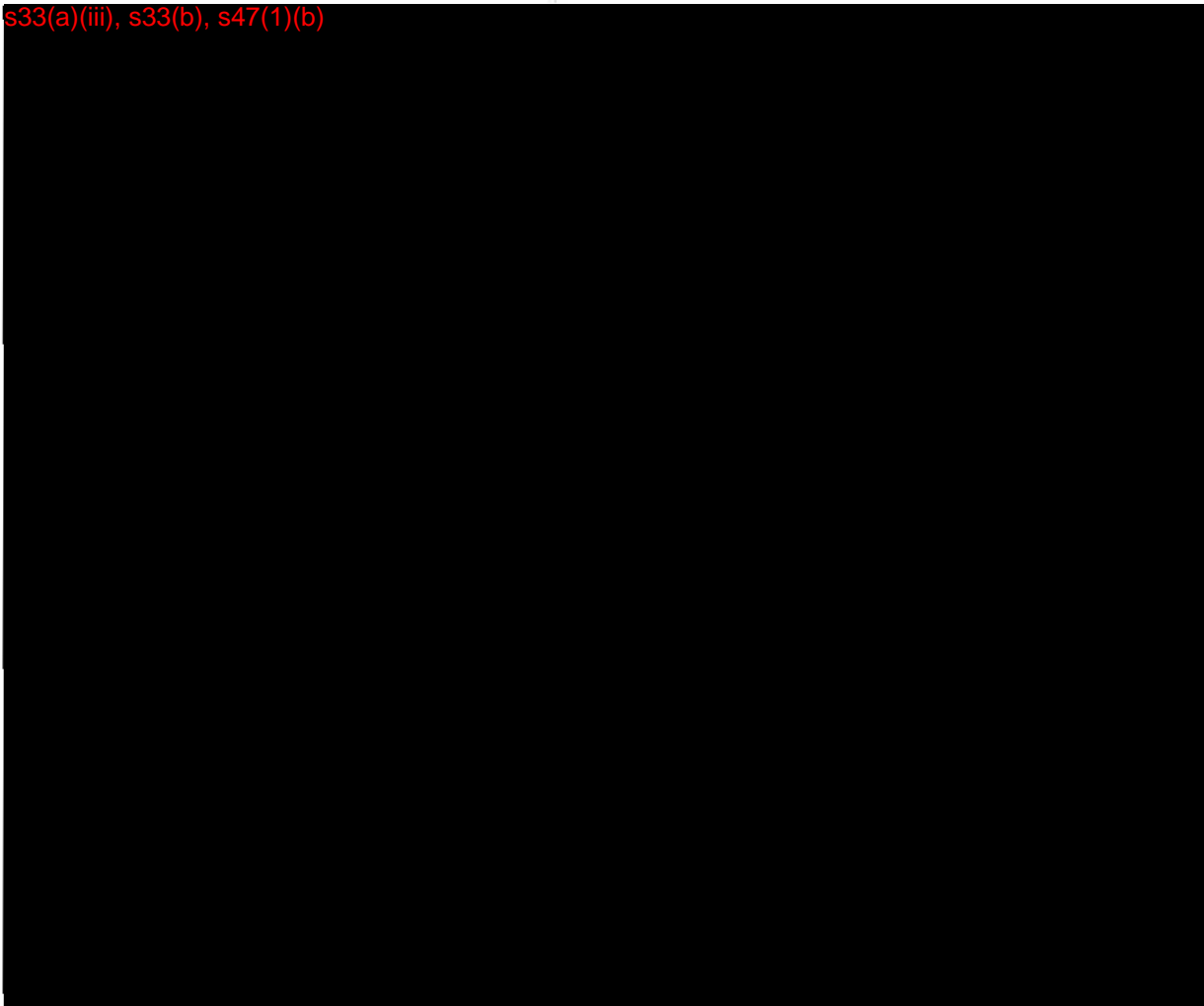


FIGURE 1 - INDICATIVE FSP CONTRACTING ARCHITECTURE

4.5.2 As shown in Figure 1 and consistent with Chapter 1 (SPA Objectives and Framework), the Commonwealth's intention is to deliver the FSP through a series of FSP Program Contracts separately entered into by the Commonwealth with the Contractor and the CSI. These contracts will include the SPA and the Program Contracts entered into between the Commonwealth and the Contractor on the one hand, and the Design, Build and Integration Contract (DBIC) entered into between the Commonwealth and the CSI, on the other hand.

s33(a)(iii), s33(b), s47(1)(b)



s33(a)(iii), s33(b), s47(1)(b)

6.1 Sovereignty

6.1.1 A fundamental FSP Objective is the establishment of a sustainable sovereign submarine capability in Australia.

6.1.2 'Sovereignty' for the purposes of the SPA and the Program Contracts in relation to the role of the Contractor in the FSP, is defined as providing the Commonwealth with a capability in Australia to:

- a. undertake the build, integration, test and acceptance of the Whole Warship s33(a)(iii), s33(a)(iii), s33(b), s47(1)(b)
- b.

6.1.3 The Parties acknowledge and agree that the critical enablers to establishing Sovereignty include the:

- a. Transfer of Technology to Australia s33(a)(iii), s33(b), s47(1)(b) s33(a)(iii), s33(b), s47(1)(b)
- b. s33(a)(iii), s33(b), s47(1)(b)
- c. establishment of the enduring Design Authority for the Whole Warship in Australia;
- d. establishment of an enduring Australian industry capability for select Future Submarine and Support System activities as described in the Approved AIC Strategy and Approved AIC Plan;
- e. the establishment of an efficient and effective supply chain, s33(a)(iii), s33(b), s33(a)(iii), s33(b), s47(1)(b)
- f. Commonwealth ownership of infrastructure and facilities, equipment, tools and systems funded by the Commonwealth and developed and used in Australia to build, integrate and test the Future Submarine.

6.1.4 The Parties commit to working with each other to achieve Sovereignty through performance of the Program Contracts.

s33(a)(iii), s33(b), s47(1)(b)

6.5 Australian Industry Program

- 6.5.1 The Contractor acknowledges that the objectives of the Australian Industry Program (AIP) for the FSP are to:
- a. develop and utilise Australian industry in performance of the FSP in a manner consistent with achieving Sovereignty as described in clause 6.1.2; and
 - b. maximise opportunities for the involvement of the Australian industry through all phases of the FSP, without unduly compromising the Commonwealth's requirements relating to capability, cost and schedule.

s33(a)(iii), s33(b), s47(1)(b)



- 6.5.3 The Contractor's approach and obligations for giving effect to the objectives described in clause 6.5.1 shall be set out in:
- a. the AIC Strategy at Schedule 13 as updated, as necessary, for each Program Contract; and
 - b. the AIC Plans developed and delivered to the Commonwealth for each Work Scope forming part of a Program Contract.

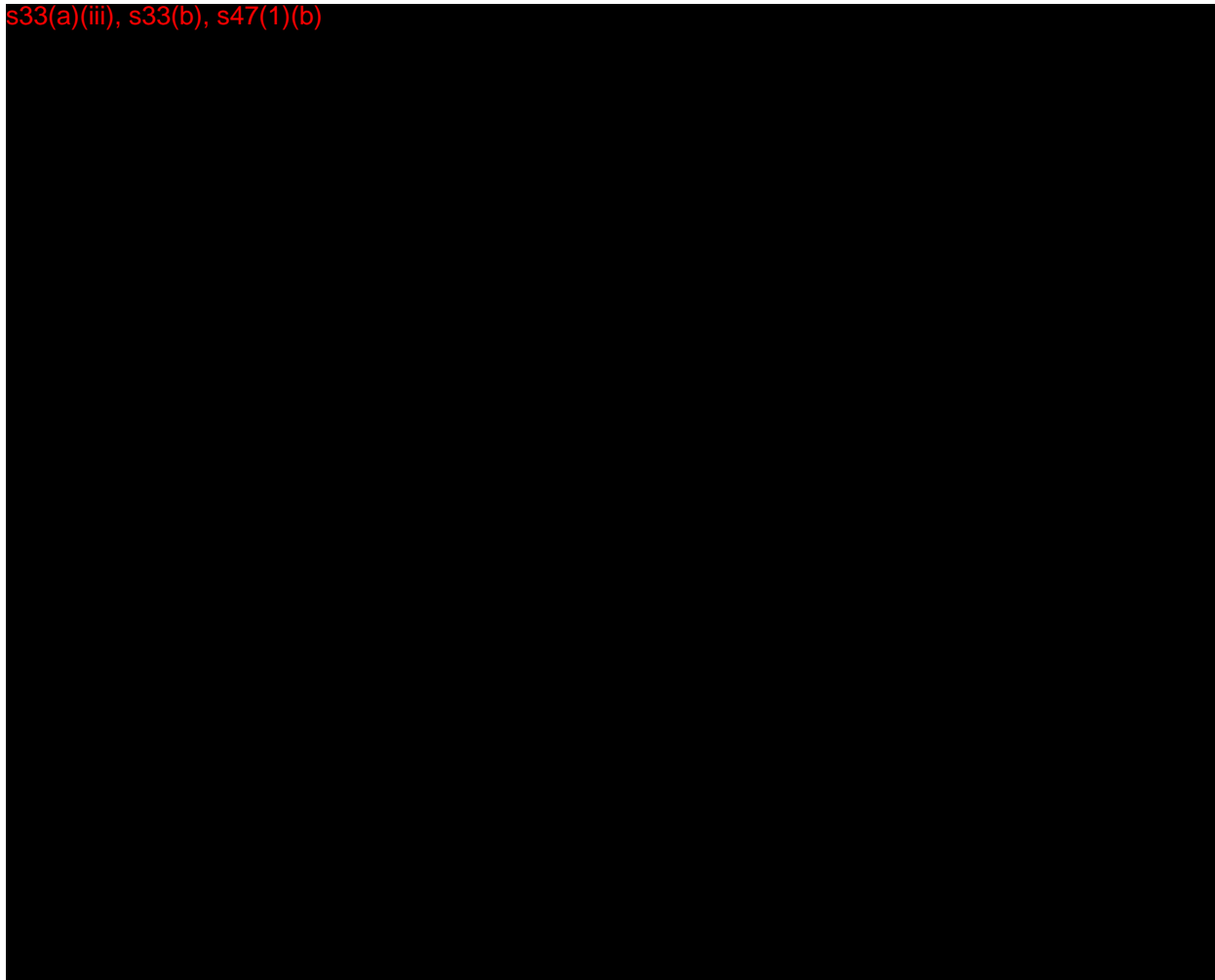
6.5.4 The AIC Strategy shall set out the Contractor's overarching methodology, strategies and activities that it will adopt to achieve the objectives described in clause 6.5.1 under the Program Contracts that will be entered into over the duration of the FSP. Each Program Contract will require the Contractor to develop and deliver to the Commonwealth for Approval an AIC Plan (or an AIC Plan for a Work Scope included in the Program Contract) that will set out the specific activities and other commitments (including Local Industry Activities) that the Contractor will undertake in connection with the performance of each Program Contract consistent with clause 6.5.1.

- 6.5.5 In performing its AIC related obligations under a Program Contract, the Contractor shall:
- a. take all necessary steps to maximise the participation of Australian industry in the performance of the Program Contracts without unduly compromising capability, cost and schedule;
 - b. continuously monitor and explore opportunities for the increased involvement of Australian industry in the performance of the Program Contracts (including with respect to its various procurement activities); and
 - c. liaise with the Commonwealth in relation to Australian industry involvement in the performance of the Program Contracts over the various phases of the FSP.

s33(a)(iii), s33(b), s47(1)(b)



s33(a)(iii), s33(b), s47(1)(b)



8.6 Principals Council

- 8.6.1 To assist with the enterprise management of facilities at the Osborne Precinct, the Commonwealth intends to establish a Principals Council requiring participation from each prime contractor operating at the Osborne Precinct (including the Contractor) and senior Commonwealth and ANI officials.
- 8.6.2 The membership, functions, procedures and decision making principles relevant to the operation of the Principals Council will be determined by the Commonwealth and notified to the Contractor.
- 8.6.3 The Parties shall:
 - a. make available suitably qualified, knowledgeable and authorised personnel to participate in the Principals Council, consistent with their prescribed roles;
 - b. ensure that their personnel referred to in clause 8.6.3a carry out their roles in a manner consistent with the obligations of the Party under a Program Contract;
 - c. subject to security and legal (including IP, confidentiality and export control) requirements, share information, views, opinions, data and information to assist the Principals Council carry out their functions and support sound decision making; and
 - d. do what is necessary to give effect to a decision of the Principals Council unless it is inconsistent with the provisions of a Program Contract or the law.

SIGNED AS AN AGREEMENT

s33(a)(iii), s33(b), s47(1)(b)



Executed in accordance with section 127 of the *Corporations Act 2001* by **Naval Group Australia Pty Limited:**

s33(a)(iii), s33(b), s47(1)(b)

