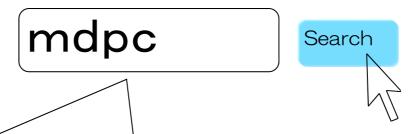


Specific Oil Certificate and Emergency Response Service

(Certificate of Specific Oil Prevention Materials Preparation /Oil Removal Equipment Deployment)

Preparation of Specific Oil Prevention Materials/ Deployment of Oil Removal Equipment are required by law.



New service for Specific Oil Certificate starts as of October 1, 2017. (Applications will be accepted beginning September 1, 2017)

Maritime Disaster Prevention Center

4

INTRODUCTION

Maritime Disaster Prevention Center (MDPC) is the only designated maritime disaster prevention organization that is able to carry out Specific Oil prevention and cleanup operations and/or firefighting operations upon entrustment by Ship Owners of Specific Oil tankers and/or instructions by Commandant of the Japan Coast Guard in the event of Specific Oil spills and/or fire caused by maritime incidents involving Specific Oil tankers in the surrounding waters of Japan.

MDPC has established a disaster response system on a nationwide scale; and has prepared Specific Oil Prevention Materials and deployed Oil Removal Equipment in the Designated Areas (Tokyo Bay, Ise Bay and Seto Inland Sea including Osaka Bay) and other major port areas where Specific Oil tankers have been calling; and further has provided Ship Owners of Specific Oil tanker with issuance service of the Specific Oil Certificate at a reasonable price.

In addition to the issuance of the Specific Oil Certificate, the Emergency Response service, which is to conduct pollution prevention and cleanup operations urgently following prompt arrival at the incident site upon request when a vessel issued with the Certificate is involved in an accident, will start as of October 1, 2017. After many years' efforts and discussions with the Authorities and other parties concerned, MDPC has come to be able to provide the vessels issued with the Specific Oil Certificates with a higher quality service similar to those issued with the Certificates of 'HNS' Response Resource Deployment.

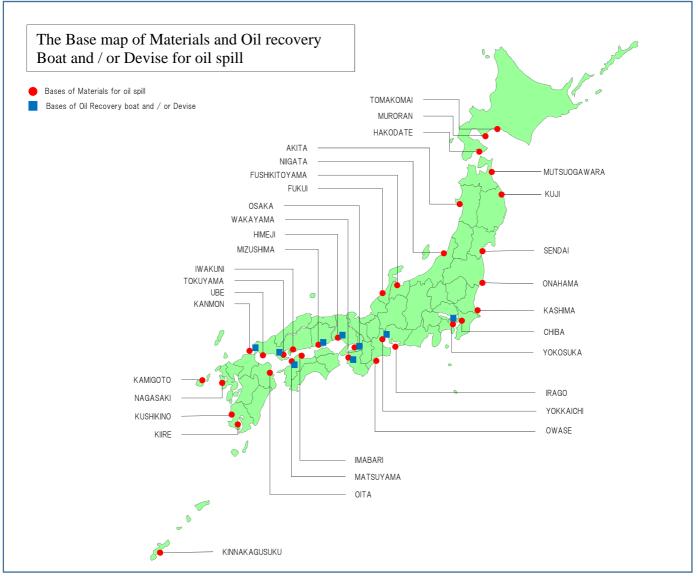
This service may contribute to Ship Owners' CSR and legal compliance.

DEFINITIONS

- O "Specific Oil" means any persistent hydrocarbon oil including crude oil, heavy oil and lubricating oil.
- O "large amount of Specific Oil" means Specific Oil exceeding the reference value in density and quantity prescribed in the Law Relating to the Prevention of Maritime Pollution and Maritime Disasters (hereinafter the "Law"). Specifically:-
 - (a) oil density shall be 10cm³ and more per 10,000cm³ of oil spilled.
 - (b) quantity of oil shall include more than 100 liters of Specific Oil.
- O "Specific Oil tanker" is a vessel with structures capable of carrying Specific Oil in bulk and is navigating loaded with Specific Oil as cargo.
- O "Specific Oil Prevention Materials" are materials for preventing and cleaning of Specific Oil spills namely oil booms, chemical dispersant, oil absorbents and oil gelling agents (Article 39-3 of the Law, Article 33-3 of the Regulation for Implementation of the said Law (hereinafter the "Regulation")).

DEFINITIONS

- O "Oil Removal Equipment" means equipment for removal of a large amount of Specific Oil and an auxiliary vessel laden with the equipment for serving to remove Specific Oil (Article 39-4 of the Law, Article 33-10 of the Regulation).
- O "Designated Areas" are sea areas prescribed in items 2 to 4 of Article 33-6 of the Regulation, or the so-called Tokyo Bay, Ise Bay and Seto Inland Sea including Osaka Bay (Article 39-4 of the Law, Article 39-9 of the Regulation).
- O "Applicable Areas" are the Designated Areas, ports pursuant to the Act on Port Regulations (excluding the Designated Areas) and Kagoshima Bay (the proviso of Article 39-3 of the Law, Article 33-6 of the Regulation).
- O "Emergency Response" means actions taken by MDPC against large amount of Specific Oil spill or a threat thereof from a Specific Oil tanker issued with the Certificate of Specific Oil Prevention Materials Preparation or Oil Removal Equipment Deployment within the Designated Areas, including initial pollution prevention and control operations, and firefighting operations to extinguish and control the fire and so forth, after prompt arrival (within approximately 2-3 hours) at the incident site.
- O The Certificate of Specific Oil Prevention Materials Preparation and Oil Removal Equipment Deployment are collectively referred to as "Specific Oil Certificates", and the service related to such certificates (including the Emergency Response) is referred to as "Specific Oil Certificate service".





1. Contents of the Law

When Specific Oil tankers over 150 GT navigate in the Applicable Areas, the Ship Owners thereof have legal obligation to prepare the Specific Oil Prevention Materials. Also, when Specific Oil tankers over 5,000 GT navigate in the Designated Areas, the Ship Owners thereof have legal obligation to deploy the Oil Removal Equipment. Please note that a failure to fulfill these obligations shall result in a fine of not more than 500,000 yen.

(reference 1-1)

The contents of "Article 39-3 and 39-4 of the Law Relating to the Prevention of Marine Pollution and Maritime Disaster"

(materials for prevention and cleanup of spilled Specific Oil)

Article 39-3 of the Law: The following persons shall, as provided by the Ordinance of Ministry of Land, Infrastructure, Transport and Tourism, prepare oil booms, chemical agents and other materials on the vessel or at a facility, or the location provided by the Ordinance of Ministry of Land, Infrastructure, Transport and Tourism in order to be able to take measures to prevent spilled Specific Oil from expanding and Specific Oil from continuing to spill, and remove spilled Specific Oil (referred to as "prevention and cleanup of spilled Specific Oil" in Article 39-5) when Specific Oil is spilled from the vessel or facility, or a vessel using the mooring facilities; provided, however, that the vessel listed in item 1 shall be limited to cases where she is navigating in a port and harbor, or other sea areas provided by the Ordinance of Ministry of Land, Infrastructure, Transport and Tourism.

Item 1 <u>A shipowner</u> of the vessel provided by the Ordinance of Ministry of Land, Infrastructure, Transport and Tourism

Item 2 (Omitted)
Item 3 (Omitted)

(reference 1-2)

(deployment of oil recovery ship, etc.)

Article 39-4 of the Law: A shipowner of a tanker whose gross tonnage is over the reference gross tonnage provided by the Ordinance of Ministry of Land, Infrastructure, Transport and Tourism (provided, however, that as for a tanker who has at least one cargo hold with a structure for transporting liquid cargo in bulk, it shall be limited to a tanker whose capacity of such cargo hold is greater than or equal to that provided by the Ordinance of Ministry of Land, Infrastructure: hereinafter referred to as "Specified Tanker") shall deploy an oil recovery ship or materials for removal of the Specific Oil which is provided by the Ordinance of Ministry of Land, Infrastructure, Transport and Tourism when the shipowner has the Specified Tanker loaded with Specific Oil in bulk as cargo navigate in the sea area where the vessel navigates constantly and which is provided by the Ordinance of Ministry of Land as the sea area with risk of serious marine contamination in case of spilling the Specific Oil based on the geography, tidal current and other natural conditions.

Paragraph 2 A location for deploying the oil recovery ship and the materials for removal of the Specific Oil set forth in the preceding paragraph and other necessary matters concerning the deployment shall be prescribed by the Ordinance of Ministry of Land, Infrastructure, Transport and Tourism.

(penal provisions)

Article 57 of the Law: A person who falls under any of the following items shall be punished by a fine of not more than 500,000 yen.

Item 1 (Omitted)

Item 2 A person who violates paragraph 1 of Article 6, paragraph 1 of Article 7, paragraph 4 of Article 8-2, paragraph 1 or 2 of Article 9-4, paragraph 1 of Article 10-3, paragraph 1 of Article 18-5 or Article 39-3.

Item 3 to 16 (Omitted)

Item 17 A person who violates <u>paragraph 1 of Article 39-4</u> or Article 39-5 Item 18 to 21 (Omitted)







- (1) Issuance of Certificate
- (i) Certificate of Specific Oil Prevention Materials Preparation When Specific Oil tankers over 150 GT navigate in the Applicable Areas, the Ship Owners thereof have legal obligation to prepare the Specific Oil Prevention Materials. MDPC issues the Certificate of Specific Oil Prevention Materials Preparation which certifies that MDPC has prepared the Specific Oil Prevention Materials on behalf of Ship Owners.
 - Please note that MDPC has so far deployed the Specific Oil Prevention Materials only at ports where large-sized Specific Oil tankers call, so that part of the Applicable areas are not covered by this service. In addition to the Designated Areas, the ports which are covered by the Certificate are as follows:-

Tomakomai, Muroran, Hakodate, Mutsu Ogawara, Kuji, Akita, Sendai, Onahama, Kashima, Niigata, Fushiki-Toyama, Fukui, Irago, Owase, Nagasaki, Kamigoto, Kiire, Kushikino, and Kinnakagusuku.

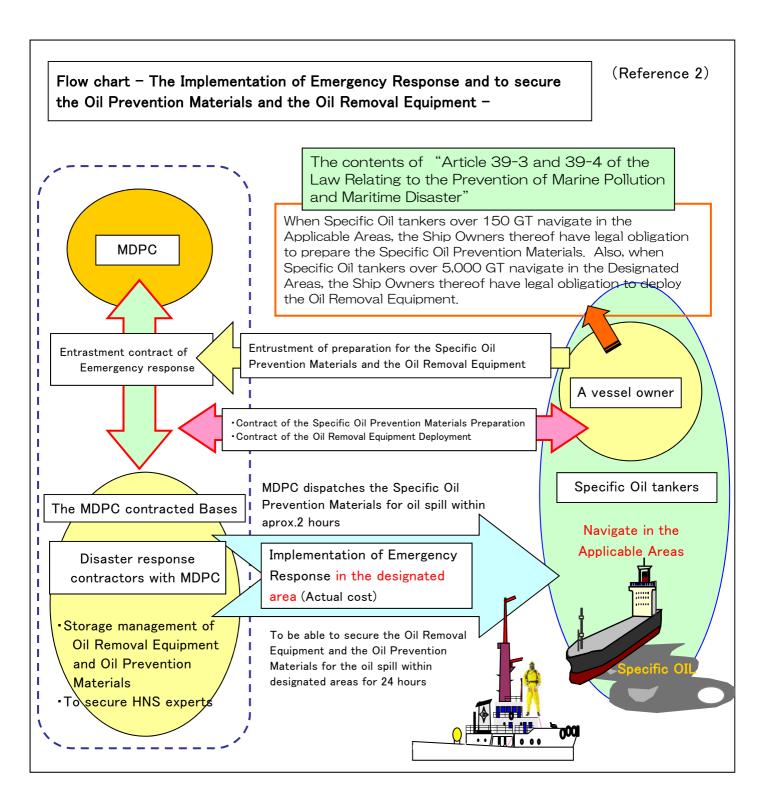
(ii) Certificate of Oil Removal Equipment Deployment When Specific Oil tankers over 5,000 GT navigate in the Designated Areas, the Ship Owners thereof have legal obligation to deploy the Oil Removal Equipment. MDPC issues the Certificate of Oil Removal Equipment Deployment which certifies that MDPC has deployed it on behalf of Ship Owners.

(2) Implementation of Emergency Response

MDPC will issue the Certificate with the Emergency Response service as of October 1, 2017. In case of a large amount of Specific Oil spill incident caused by marine accidents such as collision, grounding and so on within the Designated Areas, MDPC will immediately arrive at the incident site and take quick and appropriate response at the request of the vessel issued with the Certificate.

- Please note that the Specific Oil spill during Ship-to-Ship Transfer operations (including preparation work therefor) is not covered by this service.
- ** The Emergency Response by MDPC shall not be continued more than 24 hours after its start. When there is a possibility of exceeding 24 hours, necessary response measures shall be consulted among the relevant parties such as whether they will continue or terminate operations, whether they will shift the Emergency Response to Item-2 Operation provided in Article 42-14 of the Law or to operations by any third party entrusted by the Ship Owners and so on.
- ※ Neither Specific Oil Certificates without the Emergency Response service nor Certificates only for the Emergency Response service is available.

Detailed contents and Terms and Notes of Contract for the Specific Oil Certificate service are published on our website (http://www.mdpc.or.jp).





3. System of Service

(1) Issuance of Certificates

Ship Owners of Specific Oil tankers may make an application on-line upon agreeing to the Contract published on our website. Once the receipt of the designated payment is confirmed, MDPC will send the Certificate of Specific Oil Prevention Materials Preparation/Oil Removal Equipment Deployment to Ship Owners via email. The due date of the application is 2 days before the start date of the validity period. In case of an emergency issuance, it is no later than 15:00 on the day before the start date of the validity period.

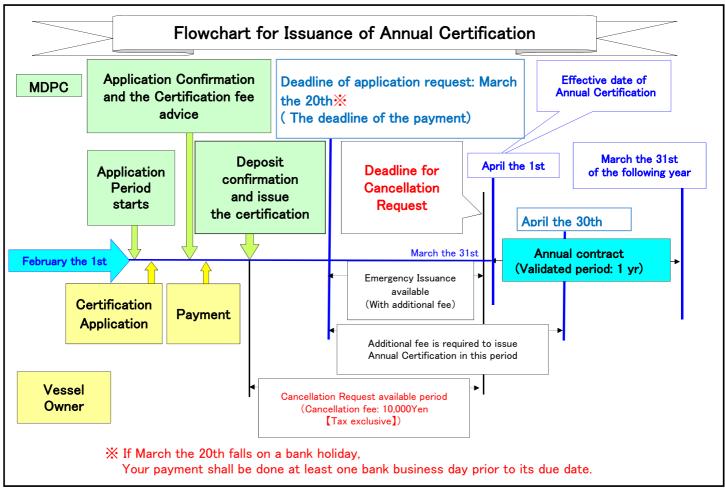
(2) Types of Certificates

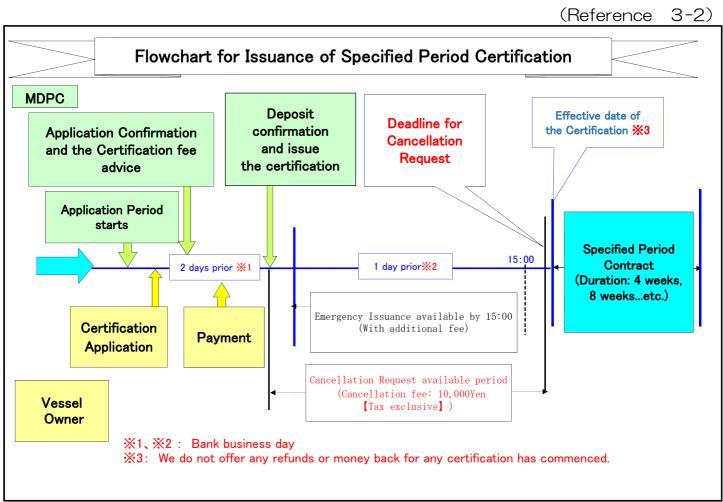
There are two types of Certificates:

- (i) Annual Certificate, and
- (ii) Specified Period Certificate (Four (4) weeks, Eight (8) weeks, twelve (12) weeks and twenty-six (26) weeks).
- Please note that unlike the Certificate of 'HNS' Response Resource
 Deployment, Limited Annual Certificate is not available.

(3) Effect of Certificate

- (i) MDPC will certify to the Japan Coast Guard that MDPC, on behalf of Ship Owners, has prepared the Specific Oil Prevention Materials or deployed the Oil Removal Equipment; provided, however, that this shall be limited to the Annual Certificate.
- (ii) In case of a Specific Oil spill incident or a threat thereof in the Designated Areas, Ship Owners or the Master of the vessel may request MDPC to take Emergency Response. The Ship Owners shall pay the cost for the Emergency Response.







4. Fees of each Certificate

(1) Certificate Fee

① Certificate of Specific Oil Prevention Materials Preparation

(Unit: yen)

Gross tonnage (G/T	Annual Certificate	Specified Period Certificate <4 weeks>	Specified Period Certificate <26 weeks>
Less than 200 G/T	224,000	28,000 (31,000)	112,000 (115,000)
200 G/T to less than 500 G/T	264,000	33,000 (36,000)	132,000 (135,000)
500 G/T to less than 1,000G/T	288,000	36,000 (39,000)	144,000 (147,000)
1,000 G/T to less than 5,000 G/T	336,000	42,000 (45,000)	168,000 (171,000)
5,000 G/T to less than 10,000 G/T	552,000	69,000 (72,000)	276,000 (279,000)
10,000 G/T to less than 50,000 G/T	688,000	86,000 (89,000)	344,000 (347,000)
50,000 G/T to less than 100,000 G/T	776,000	97,000 (100,000)	388,000 (391,000)
Over 100,000 G/T	864,000	108,000 (111,000)	432,000 (435,000)

2 Certificate of Oil Removal Equipment Deployment

(Unit: yen)

Gross tonnage (G/T	Annual Certificate	Specified Period Certificate <4 weeks>	Specified Period Certificate <26 weeks>
5,000 G/T to less than 10,000 G/T	880,000	110,000 (113,000)	440,000 (443,000)
10,000 G/T to less than 50,000 G/T	1,000,000	125,000 (128,000)	500,000 (503,000)
50,000 G/T to less than 100,000 G/T	1,128,000	141,000 (144,000)	564,000 (567,000)
Over 100,000 G/T	1,248,000	156,000 (159,000)	624,000 (627,000)

^{*} Regarding the Specified Period Certificate, in addition to the above tables, there are 8-week-period certificate and 12-week-period certificate. Those fees excluding tax are 2 and 3 times the fee excluding tax for 4-week-period certificate respectively.

The figures in brackets in the above tables shows the amount including the fee for certificate issuance

^{*} Amount shown in the above tables does not include tax. Tax is exempted except ships under Japanese flag.

(2) Additional Fees

In case of application for an emergency issuance after the closing date for application, the following additional fees (tax-exclusive) are charged on top of the Certificate fee listed as above.

- (i) Specified Period Certificate: 50 % of the four (4)-week-period Certificate fee
- (ii) Annual Certificate: 10% of the Annual Certificate fee

(3) Service Fees

- (i) Fee of issuing each Certificate is 3,000yen (tax-exclusive), however, it is exempted for Annual Certificate.
- (ii) Fee for re-issuing each Certificate when revising entries of the Certificate is 3,000yen (tax-exclusive).
- (iii) Fee for refunding a part of Certificate fee in case of scrapping due to an accident at sea or for any other reasons during the validity period of an Annual Certificate is 3,000yen (tax-exclusive).
- (iv) Bank transfer fee shall be borne by the applicant.
- (v) The cancellation fee for issuance of the Certificate (including cancellation service fee) is 10,000 yen (tax-exclusive).

(4) Refund of Fees

Unless otherwise provided for in the Contract or the Fare Regulation, MDPC will not refund the Certificate fee and other items. An example of refunding and amount of refund are as follows;-

(i) In cases of scrapping due to an accident at sea or for any other reasons during the validity period of an Annual Certificate:

Refund = the amount to be paid at the time of application - (the amount of the Certificate fee calculated on a monthly basis up to and including the month of the effective date of scrapping, etc. + additional fees (if any) + fee for refunding process + bank transfer fee)

(ii) In cases where the cancellation is made before the Certificate is issued:

Refund = the sum received at MDPC's designated bank account - bank transfer fee

(iii) In cases where the cancellation is made after the Certificate is issued but the validity period has not yet commenced:

Refund = the amount to be paid at the time of application - (fee for issuing the Certificate + cancellation fee + additional fees (if any) + bank transfer fee)



5. Cost of Emergency Response

When MDPC takes the Emergency Response upon receipt of the request, the following cost shall be borne in addition to the above Certificate fee.

- (i) Costs and fees of a disaster response contractor with whom MDPC has concluded a contract in advance for the Emergency Response operations
- (ii) Costs for the vessels, materials and equipment owned by MDPC and used for Emergency Response
- (iii) Administrative costs of MDPC for Emergency Response
- (iv) Any other costs for Emergency Response, which are separately agreed upon between Ship Owners and MDPC



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