

(For Articles 39 and 39-3, Law Relating to the Prevention of Maritime Pollution and Maritime Disasters)

**Contract for Specific Oil Prevention Materials Preparation and Emergency Response
Terms and Notes**

Warning 1:

This is a translation of the original contract written in Japanese and notes thereon. It is to be used only as a reference. No part of this translation affects the interpretation of the Japanese terms and notes, which always take precedence.

Warning 2:

Please also note that the 'Specific Oil' defined herein means 'Specific Oil' provided in item 1 in paragraph 1 of Article 38 of Law Relating to the Prevention of Maritime Pollution and Maritime Disasters (Law No. 136 of 1970 as revised).

Section 1: General Provisions

(1) This Contract for Specific Oil Prevention Materials Preparation and Emergency Response (hereinafter the "Contract") shall be applied to procedures, rights and obligations between the Maritime Disaster Prevention Center (hereinafter the "Center") as a general incorporated foundation, and the ship owner (if the relevant ship is co-owned, the ship manager; if the relevant ship is leased, the lessee) and, if applicable, the person who acted on behalf of the said ship owner, who applied for issuance of a certificate (hereinafter the "Ship Owners"), with respect to the Center's service for preparing materials to respond to an incident relating to a large amount of Specific Oil in the Applicable Areas and the Center's issuance of a Certificate of Specific Oil Prevention Materials Preparation (hereinafter the "Certificate") thereon, as well as initial preventive actions to respond to an incident relating to a large amount of Specific Oil in the Designated Areas, fire extinction/spread prevention and other emergency responses in the case of a threat of the said incident (hereinafter "Emergency Response"), in accordance with the Law Relating to the Prevention of Maritime Pollution and Maritime Disasters (Law No. 136 of 1970 as revised, hereinafter the "Law") and the Regulation for Implementation of the said Law (Ministry of Transportation Ordinance No. 38 of 1971 as revised, hereinafter the "Regulation"). The Ship Owners shall be deemed to have agreed to the terms and conditions hereof at the time they applied for issuance of the Certificate, and this Contract shall become valid and enforceable at the time when the Certificate is issued.

(2) In this Contract, the following terms shall have the following respective meanings.

- (i) Specific Oil: specific oils as set forth in item 1 in paragraph 1 of Article 38 of the Law and Article 29 of the Regulation

- (ii) large amount of Specific Oil: Specific Oil exceeding the reference value in density and quantity prescribed in item 1 in paragraph 1 of Article 38 of the Law and Article 30 of the Regulation.
- (iii) Specific Oil Prevention Materials: materials for preventing Specific Oil provided in the Article 33-3 of the Regulation.
- (iv) Applicable Areas: sea areas set forth in the proviso of Article 39-3 of the Law and the Article 33-6 of the Regulation. However, regards sea areas listed in item 1 of Article 33-6 of the Regulation, it is limited to the port areas described in the attached table of this Contract.
- (v) Designated Areas: sea areas prescribed in items 2 to 4 of Article 33-6 of the Regulation.

Notes

(1) This Contract sets forth the terms and conditions to be applied to cases where the Center will provide the systems it has established to carry out the operations and services provided in items 1 and 2 of Article 42-14 of the Law (hereinafter, “Item-1 Operation” and “Item-2 Operation” respectively) with the Ship Owners who is legally obligated to prepare Specific Oil Prevention Materials, and where, if a spill incident of a large amount of Specific Oil or a threat thereof occurs near the Center's stockpile base for the said materials and if the Ship Owners (or the master of the ship involved) requests so, the Center will take initial response actions (Emergency Response) in the Designated Areas (the sea areas listed in items 2 to 4 of Article 33-6 of the Regulation).

This Contract applies to any Ship Owners effectively, provided that the Ship Owners duly made application and fee payment. Please note that this Contract is only with respect to materials for preventing Specific Oil, or the so-called “persistent oil”. Therefore, as for the so-called “non-persistent oil”, such as diesel fuel oil, kerosene and so forth, and HNS, Noxious liquid substance, such as benzene, xylene and so forth, please refer to “Contract for HNS Response Resource Deployment and Emergency Response Terms and Notes”.

(2) In this Contract, Specific Oil means any persistent hydrocarbon oil such as crude oil, heavy oil and lubricating oil.

(3) With respect to preparing Specific Oil Prevention Materials, the Center will issue the Certificate only for the port areas described in the attached table of this Contract regarding sea areas listed in item 1 of Article 33-6 of the Regulation, among the subject sea areas under the Law and Regulation. The purpose of such restriction is to limit the port areas covered by Act on Port Regulations to areas which the Center is able to deal with.

(4) The Center will conduct Emergency Response only for the sea areas prescribed in items 2 to 4 of Article 33-6 of the Regulation (Designated Areas), or the so-called Tokyo Bay, Ise Bay and Seto Inland Sea, among the sea areas for the Certificate (Applicable Areas). The purpose of such restriction is to limit the Applicable Areas to areas where the Center is able to provide Emergency Response service for the time being.

Section 2: Preparation for Specific Oil Prevention Materials, and Certificate

- (1) When the Ship Owners takes the steps provided in Sections 3 and 4 hereof, without any omission or irregularity therein, the Center shall then prepare the Specific Oil Prevention Materials as required under the Law and the Regulation, at the Center's base for the Specific Oil Prevention Materials (hereinafter the "Base") listed in the attached table, for the ship, with respect to which the Ship Owners files the application (hereinafter the "Ship").
- (2) The Center may enter into agreements with contractors, if necessary, to store and maintain Specific Oil Prevention Materials at the Base and/or to make Emergency Response.
- (3) The Center shall issue a certificate to the Ship Owners to certify preparation of the Specific Oil Prevention Materials, as provided in the preceding two paragraphs hereof.
- (4) The Center will issue one of two types of Certificates: Annual Certificate or Specified Period Certificate. The Ship Owners shall select one of these at the time of its application, in accordance with Section 3 (1).
- (5) The Annual Certificate shall be valid for a period of one fiscal year, from April 1 to March 31.
- (6) The Specified Period Certificate shall be valid for a period of 4 weeks, 8weeks, 12 weeks or 26 weeks from the start date.
- (7) The start date of the validity period of a Specified Period Certificate shall be, in principle, the preferable start date that the Ship Owners states in the application form, in accordance with Section 3 (1).
- (8) If the owner of a ship is changed due to a ship's sale or for any other reason, the Certificate issued for the said ship shall become invalid and this Contract shall be terminated.

Notes

- (1) Once the Ship Owners files an online application through the Center's website for the preparation of the Specific Oil Prevention Materials and completes fee payment, pursuant to the provisions hereof, the Center will prepare the materials as required by the Law and the Regulation, for the ship for which the Ship Owners makes an application (hereinafter the "Ship"), and the Center will issue a Certificate (Section 2(1) and (3)).
- (2) Under the regulations on consignment in the Japanese Civil Law, re-consignment requires prior approval of a Ship Owners. Therefore, the Center clearly states in this article that services are contracted out, allowing the Center to do so (Section 2(2)).
- (3) There are two types of Certificate depending on the length of its validity period: Annual Certificate and Specified Period Certificate.
 - (a) The Annual Certificate is valid for one year from April 1 to March 31(Section 2(5)).
 - (b) The Specified Period Certificate is valid for a period of 4 weeks, 8weeks, 12 weeks or 26 weeks from a start date (Section 2(6)).
 - (c) The start date of the Specified Period Certificate is the start date that the Ship Owners requests (Section 2(7)).

- (d) If the owner of the ship changes, for instance, due to the ship's sale, the Certificate will become invalid and this Contract under the terms and conditions hereof shall also be terminated (Section 2 (8)). Therefore, the new owner of the ship will have to obtain a new certificate in accordance with Sections 3 (1) and (2); provided, however, that if the new owner succeeds to the former owner of the ship by merger and acquisition, renaming and so forth, the new owner need only revise entries to the Certificate (Section 2(8)).

Section 3: Application for Certificates and Information to be Given

- (1) The Ship Owners shall use “the Application Form for Certificate of Specific Oil Prevention Materials Preparation” (Form 1) (hereinafter the “Application Form”) for application for the issuance of the Certificate. The Application Form must include information such as the Ship's specifics, Maritime Mobile Service Identity code (MMSI, only for the ships that have obtained MMSI code), hull and machinery or protection and indemnity insurance coverage for the Ship and its planned voyage in the Applicable Areas, and type and quantity of the **Specific Oil** scheduled to be on board.
- (2) The Ship Owners must send the application form to the Center either in writing or online by the deadlines of March 20 (if that day is a bank holiday, the immediately preceding bank business day) for the Annual Certificate, and the deadline of two days before the start date of the validity period (if that day is a bank holiday, the immediately preceding bank business day) for the Specified Period Certificate, provided, however, that if the Ship Owners needs the issuance of the Certificate for an emergency, the Ship Owners may make emergency application no later than 15:00 on the day before the start date of the validity period (if that day is a bank holiday, the immediately preceding bank business day).
- (3) The Center shall promptly issue a Certificate when the fee payment or its equivalent is duly made in accordance with Section 4.
- (4) The Ship Owners must promptly notify the Center of any change, if any, to the information on the Application Form.

Form 1:

Application Form for Certificate of Specific Oil Prevention Materials Preparation

Notes

- (1) The application for the issuance of the Certificate is made by filling out the Application Form for Certificate of Specific Oil Prevention Materials Preparation (Form 1: hereinafter the “Application Form”) and sending the completed form to the Center. In usual cases, to facilitate and accelerate these steps, the application can be made via the internet through the Center's website (Section 3(1)).

If your desired validity period of Certificate cannot be found in any of the Specified Period Certificate, multiple applications for the Specified Period Certificate need to be made by combining the validity period of each Specified Period Certificate (4-week-period Certificate,

8-week-period Certificate, 12-week-period Certificate or 26-week-period Certificate). For example, if your desired validity period is 34 weeks, then two applications – one for 26-week-period Certificate and the other for 4-week-period Certificate with the validity periods of the two certificates back to back – shall be made.

- (2) For (1) above, the Ship Owners in filling out the Application Form must provide the Center information, such as the Ship's specifics, Maritime Mobile Service Identity code (MMSI, only for the ships obtained MMSI code), applicable H&M and P&I coverage, voyage schedule in the Applicable Areas, and type and quantity of the Specific Oil scheduled to be on board so that the Center can refer to such information on its data file in order for it to properly ensure Emergency Response in the Designated Areas (second sentence of Section 3(1)).
- (3) Application for the issuance of certificate may be made to the Center either in writing or online. The deadlines are as follows (Section 3(2)):
 - (a) For Annual Certificate or Limited Annual Certificate Starting on April 1:

The Center has fixed the deadline as March 20 since the issuance of certificate for the following year is most likely to be congested at the end of the fiscal year. However, if payment is not made to the bank account designated by the Center in time, the Certificate will not be issued even if other steps for the application are completed (hereinafter the same shall apply for (b) below).
 - (b) For Specified Period Certificate:

The deadline is set to be two days before the start date of the validity period.
 - (c) For emergency application (if the deadline given in (a) or (b) is missed):

Even after the deadline given in (a) or (b), an emergency application for issuance of a Certificate will be accepted if application is made no later than 15:00 of the previous day before the start date of the validity period, provided that even if the application step is completed, the Certificate will not be issued unless the payment of an overdue fee in addition to the Certificate fee is made to the bank account designated by the Center no later than 15:00 on the day before the start date of the validity period.
- (4) The Certificate will be issued promptly, via email etc., when the application process has been completed and the payment of the Certificate fee is made to the bank account designated by the Center pursuant to the Fare Regulation referred to in Section 4, which is confirmed by the Center (Section 3(3)).

Section 4: Payment of Certificate fees

- (1) The Ship Owners, when applying for the Certificate, must remit the fee, etc., which is provided by the Center under the Fare Regulation Relating to Specific Oil Prevention Materials Preparation Certificate Issuance (hereinafter “Fare Regulation”), to the bank account designated by the Center.
- (2) The due date for payment of the Certificate fee shall be as follows. Payment shall be deemed completed when full amounts of the Certificate fee, service charges and other items are paid (hereinafter “Certificate fee and other items”) to the bank account designated by the Center.
 - (i) For Annual Certificate, March 20 (if that day is a bank holiday, the immediately preceding bank business day)
 - (ii) For Specified Period Certificate, two days before the start date of the validity period (if that day is a bank holiday, the immediately preceding bank business day).
- (3) If the Ship Owners fails to make the payment by the due date as provided in the preceding paragraph in a situation where the Ship Owners has applied for emergency issuance of the Certificate in accordance with the provisos of Section 3 (2), in addition to the Certificate fees and other items, the Ship Owners shall pay an additional fee fixed by the Center as set forth in the Fare Regulation no later than 15:00 on the day before the start date of the validity period of the Certificate (if that day is a bank holiday, the immediately preceding bank business day). In this case as well, payment shall be deemed completed when full amounts of the Certificate fee and other items and the additional fee arrive in the bank account designated by the Center.
- (4) The Ship Owners, by writing to the Center, may cancel the application for issuance of the Certificate, provided however, that the Ship Owners shall pay a cancellation fee of 10,000 yen if the cancellation is applied after the Center receives the Certificate fee. If the Ship Owners cancels after the validity period of the Certificate begins, the Center will not refund the Certificate fee.

Notes

- (1) The amount of the Certificate fee depends on the ship size (gross tonnage) and the type of Certificate (Annual Certificate or Specified Period Certificate). The Ship Owners must remit the Certificate fee and other items in full to the bank account designated by the Center as per Fare Regulation Relating to Specific Oil Prevention Materials Preparation Certificate Issuance (hereinafter the “Fare Regulation”) (Section 4(1)).
- (2) Payment of the Certificate fee and other items must be remitted to the bank account designated by the Center. The payment shall not be deemed completed unless the whole amount of the Certificate fee and other items is received in the said bank account, even if the Ship Owners on their side have completed remittance. Even if the Ship Owners have completed the remittance, the Certificate fee and other items may not be transferred to the Center's bank account on that same day, and in such cases the payment is deemed as incomplete.

The provision here clarifies that the payment is deemed as completed by the Center's receipt of the whole amount at its bank rather than the Ship Owners' remittance. (Section 4(1), (2) and (3))

- (3) The deadline of the Certificate fee payment is the same as the deadline of the application for the Certificate (Section 4(2) and (3)). Please see the examples below showing the payment deadline and the start date of the validity period. Bank holidays are underlined.
- (a) Type of Certificate: Specified Period Certificate / Starting Date of Validity: *Tuesday (italics)*
- When Monday is a business day, payment deadline is Friday of the previous week (M. T. W. Th. F. Sa. Su. M. T.)
 - When Monday is a bank holiday, payment deadline is Thursday of the previous week (M. T. W. Th. F. Sa. Su. M. T.)
 - When Friday is a bank holiday, payment deadline is Thursday of the previous week (M. T. W. Th. F. Sa. Su. M. T.)
 - When Wednesday, Thursday and Friday are bank holidays, payment deadline is Tuesday of the previous week (M. T. W. Th. F. Sa. Su. M. T.)
- (b) Type of Certificate: Specified Period Certificate / Starting Date of Validity: *Friday, Jan. 4 (italics)*
Payment deadline is December 27 due to New Year's holidays (Dec. 31, Jan. 1, 2 and 3) and the bank holidays (Sat., Sun. and National Holiday). (**Dec. 27, 28, 29, 30, 31, Jan. 1, 2, 3, 4**)
- (c) Type of Certificate: Annual Certificate
- When March 20 is a bank business day, deadline is March 20
 - When March 20 is Sunday, deadline is one prior business day: Friday, March 18
 - When March 20 is Saturday, deadline is one prior business day: Friday, March 19
- (4) When the Certificate is applied for in an emergency situation as provided in Section 3 (2), and the deadline for payment provided in Section 4 (2) has passed, the Ship Owners is required to pay an additional fee. The additional fee shall be paid no later than 15:00 on the day before the start date of the validity period (if that day is a bank holiday, the immediately preceding bank business day) per the Fare Regulation (Section3(3)).
- (5) The Ship Owners at any time may cancel the application for the Certificate by sending a written notice to the Center. The cancellation fee and refund of the Certificate fee and other items are as follows (Section 4 (4)). Please make an inquiry to the Center about the issuance status of the Certificate.
- (a) If the Certificate has not yet been issued at the time of receipt of the written cancellation notice, the Center will refund the Ship Owners the balance after deducting from the sum received at the Center's designated bank account the bank transfer fee incurred for making the refund.
- (b) If the Certificate has been issued but the validity period has not yet commenced at the time of receipt of the written cancellation notice, the cancellation fee will be ¥10,000, and the Center will refund the Ship Owners the amount set forth in the Fare Regulation.
- (c) If cancellation is made on or after the validity period of the Certificate has commenced, the Certificate fee and other items will not be refunded.
- (6) The validity period of the Specified Period Certificate is set at 4 weeks, 8 weeks, 12 weeks or 26 weeks. As their voyage schedule is subject to change, the holders are expected to request a change (shortening or extension) of the validity period. In these cases, the Certificate should be cancelled or an application should be newly made. If the ship's voyage or stay extends beyond the validity period, the Ship Owners shall newly obtain any one or combination of the 4-week-period Certificate, 8-week-period Certificate, 12-week-period Certificate and 26-

week-period Certificate for its additional stay or voyage.

Section 5: Request for Emergency Response

- (1) If a large amount of Specific Oil spill occurs from the Ship or there is a threat thereof in the Designated Areas and the Emergency Response to such an incident is needed in the Designated Areas, the Ship Owners or the Master of the Ship (hereinafter the “Ship Owners/Master”) shall notify the Center of such incident immediately, and may request the Center to take Emergency Response; provided, however, that this shall not apply to such cases where a large amount of Specific Oil spill or a threat thereof occurs from the Ship which is engaged in Ship-to-Ship Transfer (including preparation work therefor) in the Designated Areas.
- (2) Along with the notice provided in the preceding paragraph, the Ship Owners/Master shall provide the Center with a summary of the incident, type, characteristics and quantity of the Specific Oil, the Ship's condition, weather and sea conditions and any other information necessary or helpful for the Center's Emergency Response.

Notes

- (1) “Emergency Response” means, as provided in Section 1, actions taken by the Center against large amount of Specific Oil spill or a threat thereof from the Ship regardless of whether being under navigation or not 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. Under this Contract, adding to issuance of the Certificate, the Center will provide Emergency Response service in the Designated Areas at the Ship Owners/Master’s request. However, in consideration of the risk of Ship-to-Ship Transfer (hereinafter the “STS”) and the present situation where it is hard to say that safety measures for the STS is established, even if a **large amount of Specific Oil** spill occurs from the Ship which is engaged in STS (including preparation work therefor) or there is a threat thereof in the Designated Areas, such cases are not covered by Emergency Response and the Center will not provide Emergency Response service through this Contract. This is to make clear that Emergency Response is not for ensuring the safety of STS operation. The Center will not provide Emergency Response service in such cases, but the Ship Owners may conclude a contract with the Center for the Item-2 Operation provided in item 2 of Article 42-14 of the Law (Section 5(1)).
- (2) The Ship Owners/Master and crewmembers of the Ship may often be unable to deal with a **large amount of Specific Oil spill** incident if it involves a **Specific Oil** tanker. The Ship Owners/Master can contact the Center immediately to request Emergency Response to a **large amount of Specific Oil spill** incident or a threat thereof as provided hereunder. In such cases, the Ship Owners/Master shall give the Center necessary information so that the Center can take appropriate Emergency Response (Section 5(2)).
- (3) A **large amount of Specific Oil spill** incident is potentially exposed to a danger of ignition of fire and/or explosion, depending on the type, characteristics, quantity, etc. of the Specific Oil. Therefore, the Ship Owners/Master should recognize that it is essential for the Center to have the information of the Specific Oil, etc. in order to take safe and appropriate Emergency Response.
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Section 6: Implementation of Emergency Response

- (1) In the event that an Emergency Response is requested pursuant to the preceding section, the Center shall collect necessary information in connection with the **Specific Oil** from the Ship Owners/Master and other relevant parties such as the charterers, shipper and consignee (hereinafter “Specific-Oil-relevant Parties”), to determine the appropriate Emergency Response. In response to the Center's request, the Ship Owners/Master shall provide the Center with the necessary information it possesses, and shall make its best efforts to make the Specific-Oil-relevant Parties provide the Center with necessary information.
 - (2) The Center shall take appropriate Emergency Response, including dispatch of a ship, investigation and assessment of pollution by a large amount of Specific Oil spill, prevention of spreading of large amount of Specific Oil spill by expanding oil booms, removal of large amount of Specific Oil **spill**, treatment of large amount of Specific Oil spill by spraying chemical dispersant or other chemical agents, and other Specific Oil spill response operations, firefighting to extinguish and control fire, warning third parties and the public about the incident, and other appropriate measures of Emergency Response.
 - (3) The Center shall inform the Ship Owners/Master of the Emergency Response plan immediately after details are determined. If the Ship Owners/Master disagrees with the Center's Emergency Response, the Ship Owners/Master shall immediately communicate the disagreement to the Center.
 - (4) Emergency Response shall be taken by the Center or a disaster response contractor with whom the Center has concluded a contract in advance for the Emergency Response operations (hereinafter the “Disaster Response Contractor”). The action taken by the Disaster Response Contractor shall be deemed as taken by the Center.
 - (5) The Center shall conduct the Emergency Response in good faith and with utmost care.
 - (6) The Emergency Response by the Center shall not be continued more than 24 hours after its start.
 - (7) In the event that the Center finds that its Emergency Response alone is not enough to cope with the situation, it shall immediately inform the Ship Owners/Master. The Ship Owners/Master shall confer with the Center and the relevant parties with regard to the operations under item 2 of Article 42-14 of the Law, response made by third party who is entrusted by the Ship Owners/Master and other necessary measures, in order to take appropriate action.
 - (8) Upon completion of the Emergency Response, the Center shall promptly submit a report on the details of its Emergency Response to the Ship Owners.
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Notes

- (1) The Center will collect relevant information from the Ship Owners/Master and other Specific-Oil-relevant Parties to immediately set up an appropriate Emergency Response plan and take actions (Section 6(1) and (2)), which include:
 - Investigate and assess pollution from the Specific Oil spill in the incident area by gas detection and other measures
 - Prevent spreading of large amount of Specific Oil spill by expanding oil booms, etc.
 - Removal of large amount of Specific Oil spill
 - Treatment of large amount of Specific Oil spill by spraying chemical dispersant or other chemical agents
 - Prevent fire, extinguish fire in the initial stage and control fire spread
 - Give warning at the incident site to third parties and the public

- (2) “Specific Oil-relevant Parties” means the Ship Owners, the master of the Ship and:
 - The charterers of the Ship
 - The shipper and consignee of Specific Oil laden on the Ship
 - The employer of the person(s) who conducted an action (or inaction) which presumably caused the spill

- (3) The Center may not necessarily have full information about the **Specific Oil** tanker involved in the incident. The Ship Owners/Master shall immediately inform the Center of the type, characteristics and quantity of on-board **Specific Oil**, and telephone numbers and other contact details of the relevant parties, such as cargo owners, when the Ship Owners/Master requests Emergency Response.
The Center might not be able to take Emergency Response if the Ship Owners/Master fails to properly provide information on Specific Oil (second half of Section 6(1)).

- (4) Upon request of the Ship Owners/Master, the Center will instruct the nearest Disaster Response Contractor to immediately dispatch one or two ships to the incident site, and they will pursue the whole or a part of the response action as mentioned in the above paragraph (1). The Disaster Response Contractor will pursue Emergency Response for the Center. Staff of the Center will also rush quickly to the site (Section 6(2) and (4)).

- (5) The Center should make every effort to keep close communication with the Ship Owners/Master by immediately giving the details of Emergency Response before the operation and thereafter by communicating the progress. The Center shall promptly report the details of Emergency Response when it is completed (Section 6(3) and (8)).
The Center communicates with the Ship Owners/Master by means such as telephone, fax and email. In case of phone calls, other means, including fax message and email, will follow so that details of communication can later be confirmed.

- (6) The Center will conduct Emergency Response operations for up to 24 hours, during which it will conduct the response measures in collaboration with the Disaster Response Contractors to the best of its ability. In the event, however, that the Center finds its initial Emergency Response is or will not be enough to cope with the incident, the Center will coordinate with the relevant parties and conduct further actions, including Item-2 Operation and other required response such as response made by third party who is entrusted by the Ship Owners/Master (Section 6(5)-(8)).
In such cases, the Center will promptly advise the ship owner and consult with the relevant parties as to whether they will continue with Item-2 Operation or terminate the Emergency

Response (Section 6(8)).

Section 7: Cost of Emergency Response

- (1) The Ship Owners shall pay the cost for the Emergency Response that the Center takes in accordance with this Section.
- (2) The Center shall charge the Ship Owners the following costs and fees:
 - (i) Costs and fees of the Disaster Response Contractor for Emergency Response
 - (ii) Costs for the vessels, materials and equipment owned by the Center and used for Emergency Response
 - (iii) Administrative costs of the Center for Emergency Response
 - (iv) Any other costs for Emergency Response, which are separately agreed upon between the Ship Owners and the Center
- (3) Costs described in the preceding paragraph shall be discussed between the Ship Owners and the Center. With regard to the materials used for Emergency Response, such as chemical agents, Ship Owners may supply such materials instead of making monetary payment through consultation between the parties.
- (4) The Center shall not charge the Ship Owners or a third party any remuneration or expense other than those provided in this section, such as a salvage fee, no matter what it is called.
- (5) The Ship Owners shall promptly make payment of the cost charged by the Center. In the event that the payment is not made within three months of the invoice date, interest thereon shall be added, calculated by the interest rate in accordance with the Notice to Pronounce Default Interest Rate against Late Payment in Government Contract (Notice of the Ministry of Finance No. 991, dated December 12, 1949).

Notes

- (1) The amount of fees to be charged shall be determined, taking into consideration of various factors, such as Specific Oil prevention and cleanup capabilities and performance and fee schemes of the contractors. The parties shall discuss with each other to decide the amount to be charged, taking into account past cases, practices and other factors (Section 7(3)).
- (2) The scope and items of the costs to be charged are the same as for the Center's operations in the past for preventing oil spills and cleaning up oil pollution, and Ship Owners may provide the chemical agents and other materials instead of monetary payment. This Contract expressly states that the Center will charge no salvage fee as marine salvage or other remuneration of a similar nature since Emergency Response is taken as initial action for an incident (Section 7(2) and (4)).
- (3) The Center usually sends an invoice after the Center completes discussions with and obtains agreement from the relevant parties. Thus the Ship Owners would make a quick payment after

the receipt of the Center's invoice. If there is a delay, the Ship Owners shall add, in its payment, default interest to be accrued from three months after the invoice. The rate of default interest is fixed by the Ministry of Finance Notice for government contracts, and is reviewed and determined each year. For example, annual interest at 2.7% is announced by the Notice of the Ministry of Finance No. 53 dated March 3, 2017 (applied as of April 1, 2017) (Section 7(5)).

Section 8: Liability for Loss or Damage

- (1) The Center with its due care shall conduct the operations provided in the Contract. The Center shall be liable to the Ship Owners for their loss or damage caused by the negligence of the Center.
- (2) Notwithstanding the preceding paragraph, the Center shall not be liable for any loss or damage caused by failure or delay of the provision of necessary information by the Ship Owners/Master or Specific-Oil-relevant Parties, or caused by the inaccuracy or insufficiency of the information provided, following the Center's request to provide the necessary information for Emergency Response in accordance with Section 6(1).

Notes

- (1) Section 6(5) provides that the Center shall take Emergency Response with good faith and its due care, and the former part of Section 8(1) refers to this again and emphasizes the Center's obligation to make due diligence in its performance under this Contract, including its Emergency Response.
- (2) Section 6(4) provides that all actions made by the Disaster Contractor, which has entered into a contract with the Center beforehand in order to pursue Emergency Response (hereinafter "Disaster Contractor"), shall be deemed as those made by the Center. Thus, negligence of the Disaster Contractors shall be deemed as negligence of the Center.
- (3) However, the Center assumes no liability for loss of or damage to the Ship Owners if it arises not only from the negligence of the Center, but also from the failure/delay of provision of necessary information or inaccuracy/inadequacy in the information provided by the Ship Owners/Master or Specific-Oil-relevant Parties (Section 8(2)). Even without Section 8(2), similar conclusions could be reached through review of the facts with respect to contributory negligence and/or causation. This Section has made it clear, focusing on the importance of the information in a large amount of Specific Oil spill accident.

Section 9: Use of Specific Oil Prevention Materials by certified Ships

- (1) In the event that spilling of large amount of Specific Oil from certified Ships occurs, even when the Ship Owners do not request the Center to take Emergency Response pursuant to Section 5 or do not conclude a contract with the Center regarding the Item-2 Operation pursuant to item 2 of the Article 42-14 of the Law, the Ship Owners may use the Specific Oil Prevention Materials in order to prevent and clean up Specific Oil spill.
- (2) In the preceding paragraph, the Ship Owners shall use the Specific Oil Prevention Materials

on their own responsibility and at their own costs, and shall bear any costs for transporting the Specific Oil Prevention Materials from the Base and returning them to the Base.

- (3) The Ship Owners shall pay the fee for the Specific Oil Prevention Materials used based on the price list published on the Center's website (hereinafter "Center's price list"). However, Ship Owners may supply such materials instead of making monetary payment through consultation between the parties.
- (4) Notwithstanding the preceding paragraph, in the event of the use of oil booms out of Specific Oil Prevention Materials, the Ship Owners shall supply such materials equivalent to or with better quality than the oil booms used or pay the Center the fee therefor based on the Center's price list.

Notes

- (1) The Ship Owners are obliged to prepare the Specific Oil Prevention Materials in order to prevent and clean up the Specific Oil spill (Article 39-3 of the Law), for which the Ship Owners has obtained the Certificate. This section clarifies that the Ship Owners may use the Specific Oil Prevention Materials equipped at the Base if it is necessary to actually prevent and clean up the Specific Oil (Section 9 (1)).
- (2) In the event that the Ship Owners do not request the Center to take Emergency Response pursuant to Section 5 or do not conclude a contract with the Center regarding the Item-2 Operation pursuant to item 2 of Article 42-14 of the Law, the Ship Owners shall use the Specific Oil Prevention Materials on their own responsibility and at their own costs (Section 9 (2)-(4)).
- (3) As for oil booms that were not used for the prevention and clean-up operation and were not damaged, for example, those kept on shore as spare materials, the Ship Owners only need to return those oil booms to the Base on their own responsibility and at their own costs. The Center shall not charge any fee for those oil booms or request to provide substitutes therefor (Section 9 (4)).

Section 10: Confidentiality

The Center shall keep and not disclose to any third party any confidential information exposed to and obtained under this Contract without the prior written consent of the Ship Owners; provided, however, that the obligation under this Section shall not apply in the event of reporting the information of performance of this Contract to public agencies.

Notes

This Section has made it clear that the Center should pay full attention in handling the information obtained in connection with issuance of the Certificate and/or implementation of

Emergency Response. However, reporting about the issuance of the Certificate and/or implementation of Emergency Response to public agencies is excluded.

Section 11: Breach of Contract / Termination

If any of the followings occurs to the Ship Owners, the Center may terminate this Contract or suspend any or all of its performance hereunder. In such cases, the Center will not refund the fees paid. If the Center suffers any loss or damage, the Ship Owners shall indemnify the Center for such loss or damage.

- (i) If there is any breach of this Contract
- (ii) If a court commences proceedings for bankruptcy, reorganization, liquidation, settlement, rehabilitation (*Hasan, Kaisha-Kosei, Kaisha-Seiri, Tokubetsu-Seisan, Minji-Saisei*) for the Ship Owners, or the Ship Owners is suspended from deals at the Security Clearing House (*Tegata Torihiki Teishi*), or the Ship Owners stops or suspends its business or is dissolved, or in case the Ship Owners is a foreign national or corporation, if proceedings arise corresponding to any of the above in the country to which it belongs
- (iii) If the Ship Owners receives a disposition for non-payment of tax or any other duties
- (iv) If the Center finds that the Ship is not effectively insured with an appropriate H&M or P&I policy

Notes

- (1) This section relates to “Termination of Consignment” Article 651 of the Civil Code, which provides for the termination of consignment contract by either party at any time.
- (2) Under this Contract, the Center is obliged to take Emergency Response to a large amount of Specific Oil spill incident in addition to prepare Specific Oil Prevention Materials. This article expressly states that the Center may terminate this Contract or may suspend any or all of the performance arising out of this Contract if it is found that the Ship Owners do not have sufficient ability to pay for the Center's services. In particular, an enormous amount of costs could be incurred for actions to respond to a maritime disaster, and thus the Contract obliges the Ship Owners to effectively maintain appropriate H&M and P&I policies and coverage.

Section 12: Dispute Resolution

- (1) This Contract shall be governed by the laws of Japan. Any matter not provided herein or any dispute arising out of this Contract shall be discussed between the parties with sincerity.
- (2) Any disputes between parties arising out of this Contract shall be exclusively referred to the Yokohama District Court.

Notes

- (1) Japanese laws are expressly specified as the governing law herein as the Ship Owners may be

a foreign company. This Contract does not refer to a resolution by arbitration, but it would not prohibit the parties to agree to refer to the arbitration such as the one by the Japan Shipping Exchange, Inc. for the purpose of smooth resolution.

- (2) In the event any dispute arises, paragraph 1 stipulates that the parties shall discuss the matter with sincerity, aiming at a solution without taking legal action; but in case of failure to reach a settlement, Yokohama District Court has jurisdiction over such disputes.

Supplementary Provision

(Effective Date)

1. This Agreement shall come into force on September 1, 2017.

(Transitional Measure)

2. The start date of validity period of the Certificate under this Contract shall be on or after October 1, 2017.
3. The ex-Contract for Specific Oil Prevention Materials Preparation Certificate (hereinafter “ex-Contract”) shall be abolished after September 30, 2017, and from October 1, 2017 onwards the Certificate issued under the ex-Contract shall be deemed to have been issued under this Contract, to which this Contract shall apply.

September 1, 2017

Maritime Disaster Prevention Center
Minato Mirai 4-4-5, Nishi-ku,
Yokohama, Kanagawa-pref., Japan

Notes

- (1) This Contract shall come into force on September 1, 2017. (Section 1 of Supplementary Provision)
- (2) The Ship Owners have any rights and obligation under this Contract from October 1, 2017 onwards even in the case of certificates issued under the ex-Contract for Specific Oil Prevention Materials Preparation Certificate dated October 1, 2013. Therefore, the Ship Owners, for example, may request Emergency Response to the Center pursuant to Section 5 of this Contract (Section 3 of Supplementary Provision).
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For Section 1 and 2
Attached Table: Base

List of Specific Oil Prevention Materials Preparation Base and Sea Area/Port Area in Charge

- (1) Areas as set forth in the provisos of item 4 of Section 1(2) of this Contract shall mean the “Main sea area/port area in charge” as listed in the table below.
- (2) The Center shall prepare the Specific Oil Prevention Materials as set forth in Article 33-3 of the Regulation at the Base indicated below.

Base	Location of Base	Main sea area/port area in charge
Tomakomai	Tomakomai, Hokkaido	Tomakomai Port
Muroran	Muroran, Hokkaido	Muroran Port
Hakodate	Hakodate, Hokkaido	Hakodate Port
Mutsu Ogawara	Rokkashomura, Kamikita-gun, Aomori	Mutsu Ogawara Port
Kuji	Kuji, Iwate	Kuji Port
Akita	Oga, Akita	Akita Funakawa Port
Sendai	Shiogama, Miyagi	Sendai Shiogama Port
Onahama	Onahama, Fukushima	Onahama Port
Kashima	Kamisu, Ibaraki	Kashima Port
Chiba	Ichihara / Chiba, Chiba	Tokyo Bay
Yokosuka	Yokosuka, Kanagawa	Tokyo Bay
Niigata	Niigata, Niigata	Niigata Port
Fushiki-Toyama	Takaoka, Toyama	Fushiki-Toyama Port
Fukui	Sakai, Fukui	Fukui Port
Irago	Tahara, Aichi	Irago Port
Yokkaichi	Yokkaichi, Mie	Ise Bay
Owase	Owase, Mie	Owase Port
Osaka	Izumi-Otsu, Osaka	Seto Inland Sea (Osaka Bay / Harimanada area)
Himeji	Himeji, Hyogo	Seto Inland Sea (Osaka Bay / Harimanada area)

Base	Location of Base	Main sea area/port area in charge
Wakayama	Kainan, Wakayama	Seto Inland Sea (Osaka Bay / Harimanada area)
Mizushima	Kurashiki, Okayama	Seto Inland Sea (East area)
Imabari	Imabari, Ehime	Seto Inland Sea (East area)
Iwakuni	Iwakuni, Yamaguchi	Seto Inland Sea (Middle area)
Tokuyama	Shunan, Yamaguchi	Seto Inland Sea (Middle area)
Matsuyama	Matsuyama, Ehime	Seto Inland Sea (Middle area)
Ube	Ube, Yamaguchi	Seto Inland Sea (West area)
Kanmon	Shimonoseki, Yamaguchi	Seto Inland Sea (West area)
Oita	Oita, Oita	Seto Inland Sea (West area)
Nagasaki	Nagasaki, Nagasaki	Nagasaki Port
Kamigoto	Kamigoto-cho, Minamimatsuura-gun, Nagasaki	Aokata Port
Kiire	Kagoshima, Kagoshima	Kagoshima Bay
Kushikino	Ichikikushikino, Kagoshima	Kushikino Port
Kinnakagusuku	Nakagusuku, Nakagami-gun / Uruma, Okinawa	Kinnakagusuku Port

Base as indicated above means a place for preparing Specific Oil Prevention Materials under item 1-ro in paragraph 1 of Article 33-5 of the Regulation.

