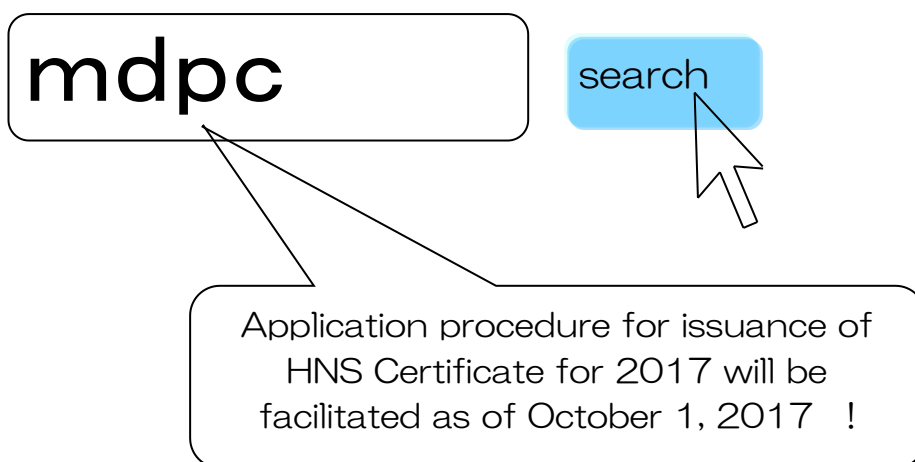


HNS Response Resource Deployment and Emergency Response Service

Ship Owners of HNS Tankers have legal obligation to deploy materials and equipment and secure experts.



Maritime Disaster Prevention Center



INTRODUCTION

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

MDPC has established a disaster response system; has deployed materials and equipment and secured experts in the Designated Areas (Tokyo Bay, Ise Bay and Seto Inland Sea including Osaka Bay); and further has provided Ship Owners of ‘HNS’ tankers with issuance service of the Certificate of ‘HNS’ Response Resource Deployment at a reasonable price and also Emergency Response service to conduct pollution prevention following prompt arrival at the incident site in the event of ‘HNS’ spill incidents since April 1, 2008.

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

DEFINITIONS

- Hazardous and noxious substances (‘HNS’) means non-specific oil (explained in (a) to (c) below) and noxious liquid substances (explained in (d) below).
 - (a) Oil is divided into two categories under the Law Relating to the Prevention of Maritime Pollution and Maritime Disasters (hereinafter the “Law”): specific oil and non-specific oil.
 - (b) Specific oil means any persistent hydrocarbon oil including crude oil, heavy oil and lubricating oil.
 - (c) Non-specific oil means volatile hydrocarbon oil including gasoline, kerosene and diesel fuel oil.
 - (d) Noxious liquid substances are liquid substances other than oil that are provided for by Ordinance as noxious substances from the point of view of marine environment conservation. It roughly corresponds to MARPOL73/78 Annex II (Regulations for the control of pollution by noxious liquid substance in bulk) Regulation 6 .

Therefore:

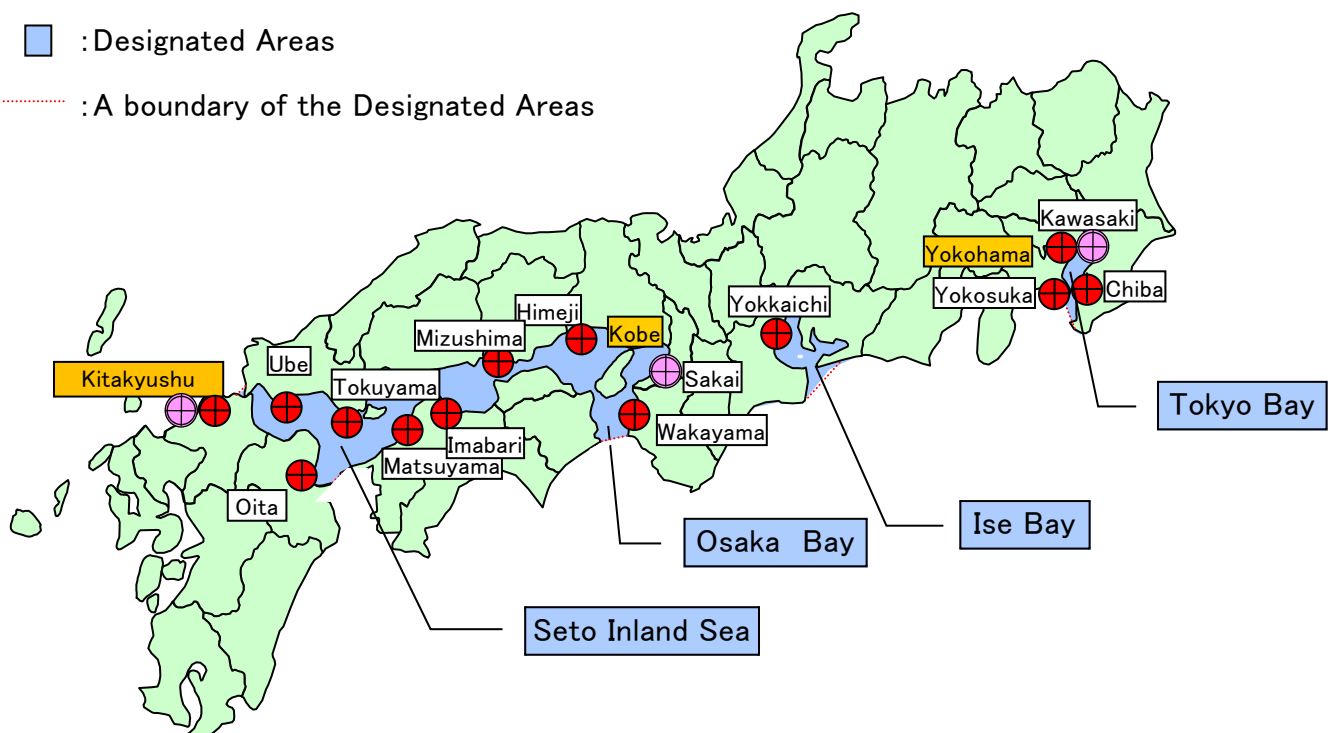
- (e) ‘HNS’ does not include LNG (liquefied natural gas) or LPG (liquefied petrol gas) and other substances, which are not liquid at ordinary temperatures.
- “ ‘HNS’ tanker” is a vessel with structures capable of carrying ‘HNS’ cargo in bulk and is navigating loaded with ‘HNS’ as cargo.
- “materials and equipment” means the “materials” and “equipment” as provided by Article 39-5 of the Law.

DEFINITIONS

- “experts” means “persons who have sufficient knowledge of prevention and cleanup” of ‘HNS’ as provided by Article 39-5 of the Law. Specifically, they are those who satisfy all of the following requirements:
 - (a) qualified as fourth class or higher licensed mariner (officer/engineer)
 - (b) completed training sessions for Noxious Liquid Substance Pollution Prevention Manager
 - (c) completed training sessions for Class A hazardous materials engineer
 - (d) capable of using the deployed materials and equipment appropriately
- “Designated Areas” are sea areas prescribed in items 2 to 4 of Article 33-6 of the Regulation for Implementation of the said Law (hereinafter the “Regulation”), or the so-called Tokyo Bay, Ise Bay and Seto Inland Sea including Osaka Bay.
- “Emergency Response” means actions taken by MDPC against the ‘HNS’ spill or a threat thereof from a ‘HNS’ tanker issued with the Certificate of ‘HNS’ Response Resource 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.

The base map of Materials, Equipment and Experts For Maritime disaster prevention in designated areas

- : Bases of Materials, Equipment and Experts for response to HNS incidents
- : MDPC Offices
(Yokohama HeadQuarters, West Japan Regional office, Kyushu Regional office)
- ⊕ : MDPC Disaster Response Depot (Yokohama, Sakaisenboku, Kitakyushu)
- : Designated Areas
- ⋯ : A boundary of the Designated Areas





1. Contents of the Law

The Law, which was revised in June 2006, imposes a legal obligation to prevent and cleanup 'HNS' on Ship Owners of 'HNS' tankers as of April 1, 2007, and further imposes a legal obligation on Ship Owners of 'HNS' tankers over 150 GT to deploy the materials and equipment and secure the experts which are necessary for 'HNS' prevention and cleanup at a location where it is promptly accessible to the incident site when navigating in the Designated Areas loaded with 'HNS' in bulk as of April 1, 2008. Please note that a failure to fulfill this obligation shall result in a fine of not more than 500,000 yen



The contents of “Article 39-5 of the Law Relating to the Prevention of Marine Pollution and Maritime Disaster”

(materials for prevention and cleanup of Oil other than Specific oil and noxious liquid substances)

Article 39-5 of the Law: The owner of a vessel provided by the Ordinance of Ministry of Land, Infrastructure, Transport and Tourism which is transporting Oil (excluding Specific oil, hereinafter the same shall apply in this article) or noxious liquid substances shall, as provided by the Ordinance of Ministry of Land, Infrastructure, Transport and Tourism, deploy materials and equipment which are necessary for prevention and cleanup of spilled Oil, etc. (excluding spilled Specific oil, hereinafter the same shall apply in this article) and shall secure experts who have sufficient knowledge of prevention and cleanup of spilled Oil, etc. at a location where it is promptly accessible to the site where the vessel is located or other locations provided by the Ordinance of Ministry of Land, Infrastructure, Transport and Tourism when the owner has the vessel loaded with Oil or noxious liquid substances as cargo navigate in the sea area where the vessel navigates constantly and which is provided by the Ordinance of Ministry of Land, Infrastructure, Transport and Tourism as the sea area with risk of serious marine contamination in case of spilling of Oil or noxious liquid substances based on the geography, tidal current and other natural conditions.

(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 to 16 (Omitted)

Item 17 A person who violates paragraph 1 of Article 39-4 or Article 39-5

Item 18 to 21 (Omitted)



2. MDPC's Activity/Service Contents

(1) Issuance of Certificate

When 'HNS' tankers which is over 150 GT navigate in the Designated Areas loaded with 'HNS' in bulk, Ship Owners thereof have a legal obligation to deploy the materials and equipment and secure the experts which are necessary for 'HNS' prevention and cleanup at a location where it is promptly accessible to the site where the vessel is located.

MDPC issues the Certificate of 'HNS' Response Resource Deployment which certifies that MDPC has deployed the materials and equipment and experts on behalf of Ship Owners.

(2) Implementation of Emergency Response

In case of 'HNS' 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.

※ 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 by Article 42-14 of the Law or to operations by any third party entrusted by Ship Owners, etc.

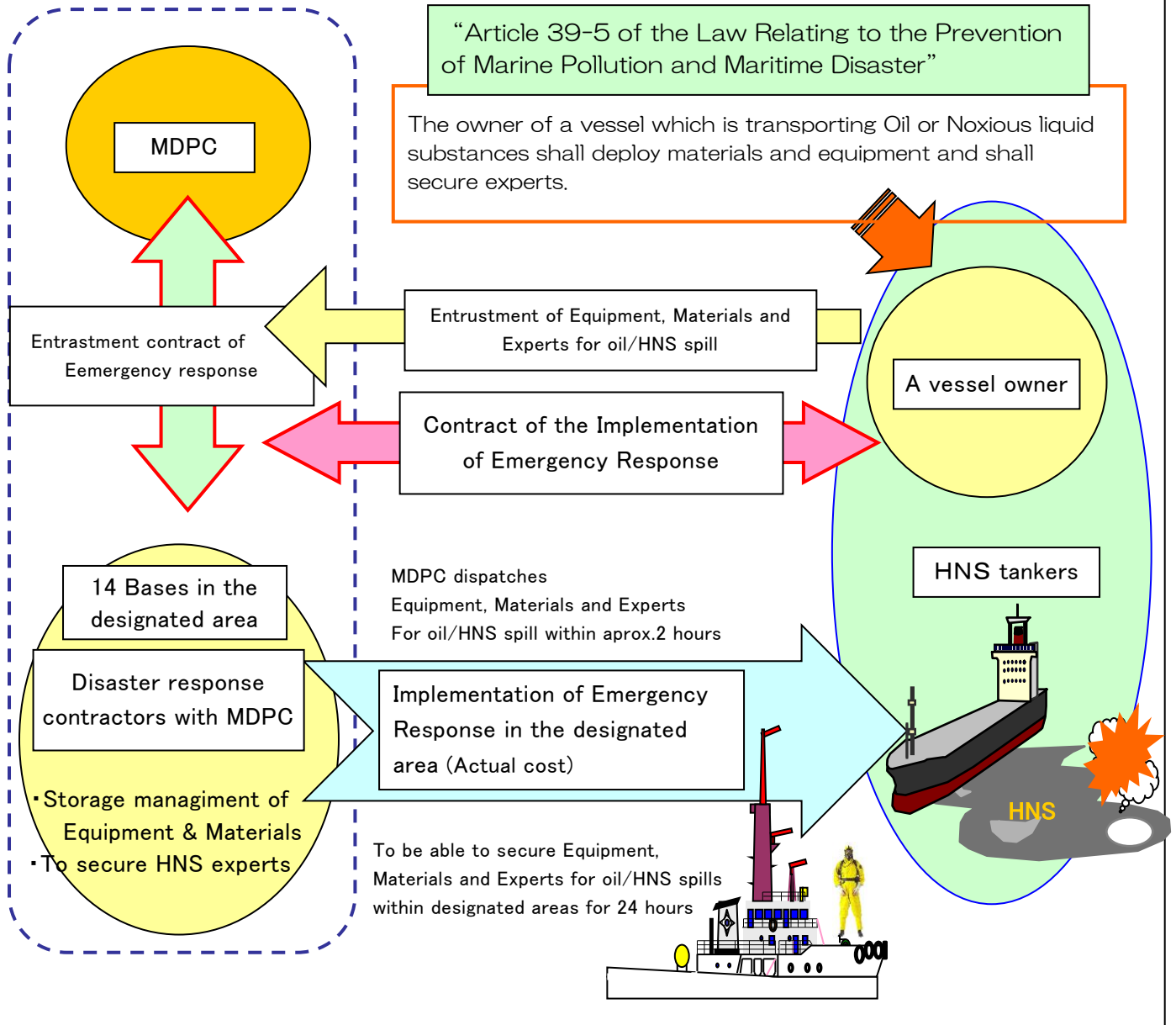
Detailed contents and Terms and Notes of Contract for HNS Response Resource Deployment and Emergency Response service is published on our website (<http://www.mdpc.or.jp>).

Flow chart – The Implementation of Emergency Response and to secure Experts, Material and Equipment –

(Reference 2)

“Article 39-5 of the Law Relating to the Prevention of Marine Pollution and Maritime Disaster”

The owner of a vessel which is transporting Oil or Noxious liquid substances shall deploy materials and equipment and shall secure experts.





3. System of Service

(1) Issuance of Certificates

Ship Owners of 'HNS' tankers may make an application on-line upon agreeing to the Terms and Notes of the Contract published on our website. Once the receipt of the designated payment is confirmed, MDPC will send the Certificate of 'HNS' Response Resource 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.

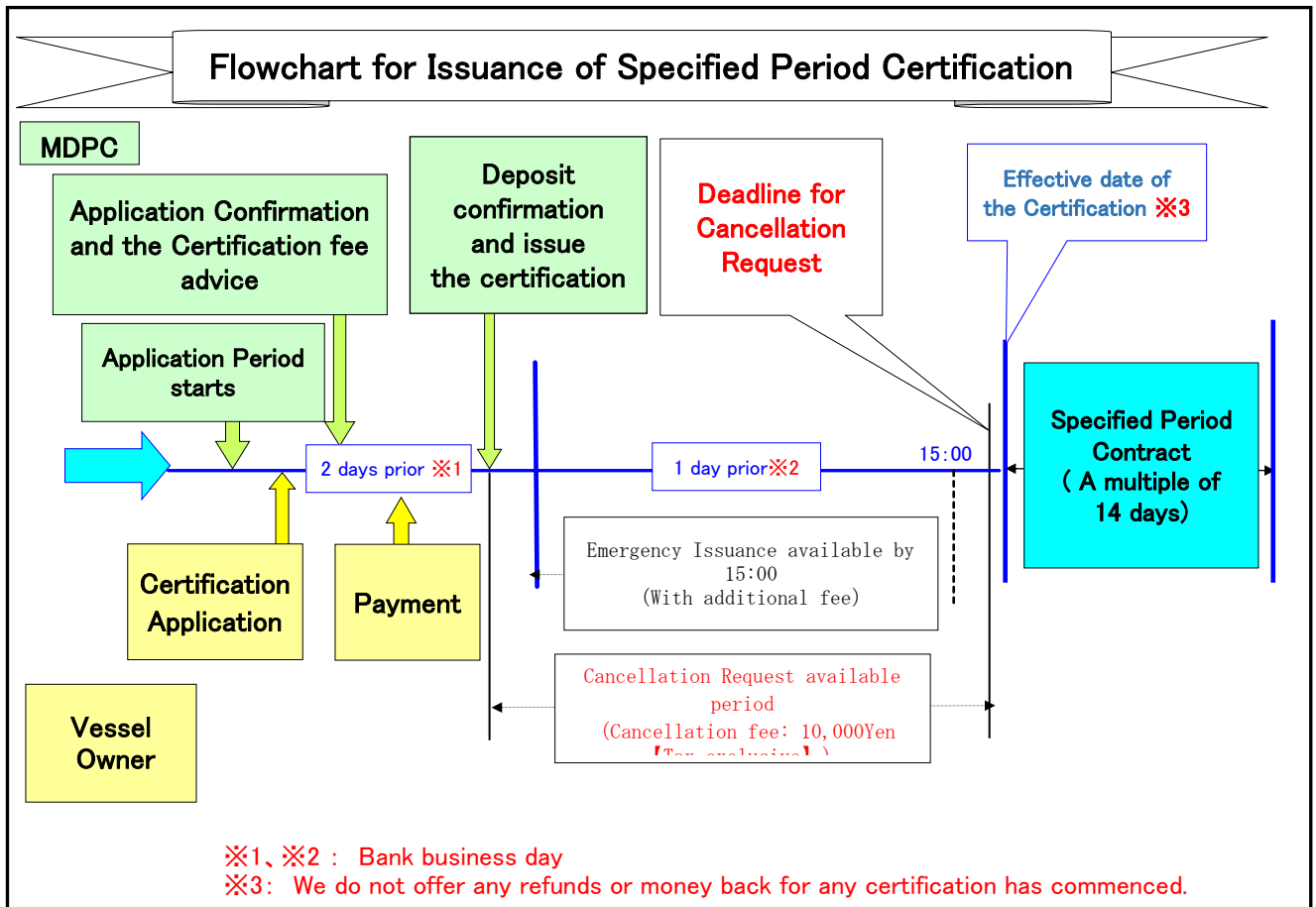
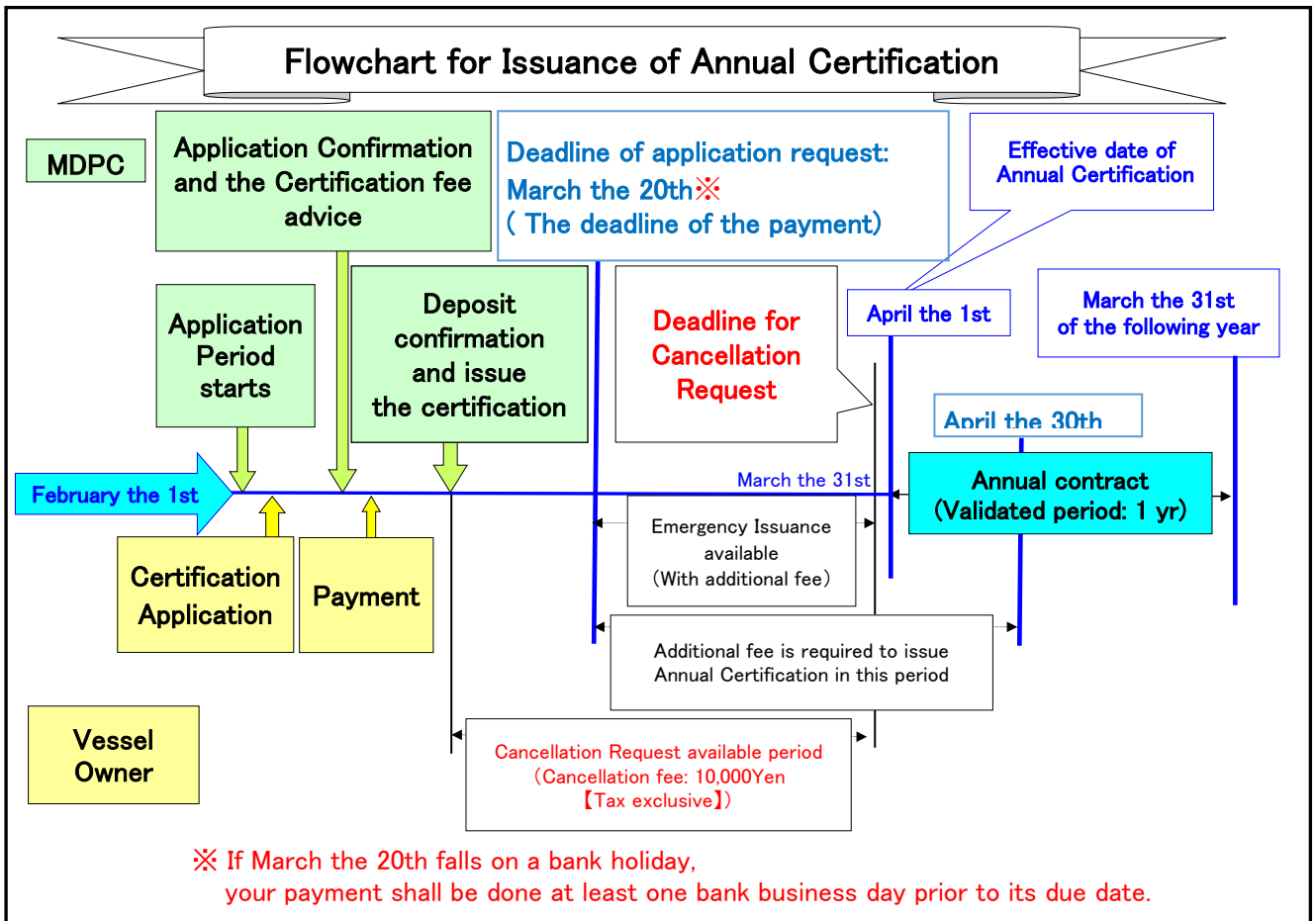
(2) Types of Certificates

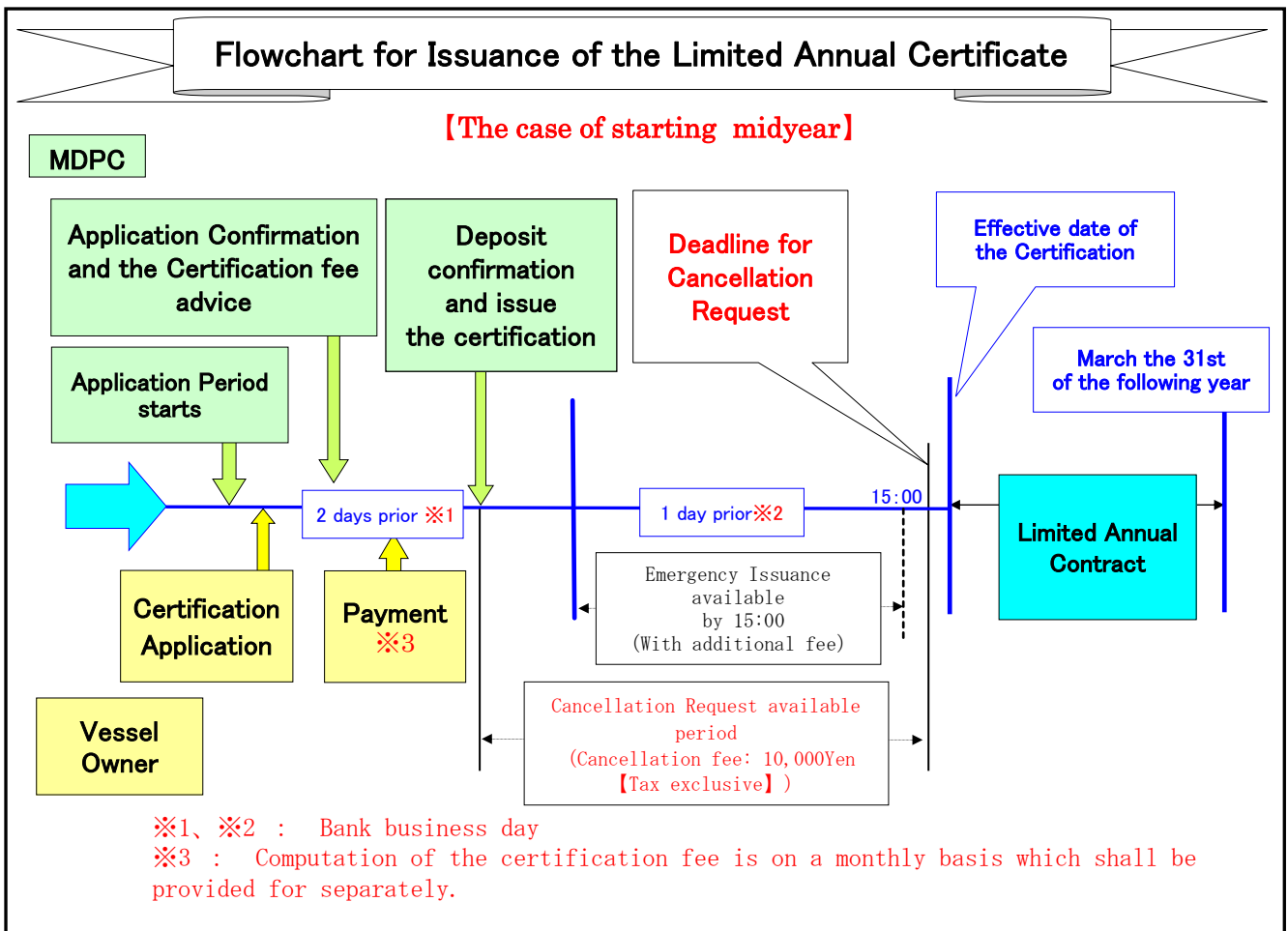
There are three types of Certificates:

- (i) Annual Certificate,
 - (ii) Limited Annual Certificate (valid from the beginning of the fiscal year to the midyear, or from the midyear to the end of the fiscal year, to be issued on a monthly basis), or
 - (iii) Specified Period Certificate (to be issued on a 2-week basis).
- ※ Limited Annual Certificate is a certificate prepared for cases of change of ownership or shipbuilding in the middle of the fiscal year, and it is to be issued continuously from/to an Annual Certificate.

(3) Effect of Certificate

- (i) MDPC will certify to the Japan Coast Guard that MDPC, on behalf of Ship Owners, has deployed the materials and equipment and secured the expert; provided, however, that this shall be limited to the Annual Certificate.
- (ii) In case of 'HNS' incident or a threat thereof in the Designated Areas, Ship Owners or the Master of the vessel may request MDPC to take Emergency Response. Ship Owners shall pay the cost for the Emergency Response.





4. Fees of each Certificate

(1) Certificate of 'HNS' Response Resource Deployment

(Unit: yen)

Gross tonnage (G/T)	Annual Certificate	Specified Period Certificate <2 weeks>
150 G/T to less than 300 G/T	190,000	31,000 (34,000)
300 G/T to less than 500 G/T	228,000	38,000 (41,000)
500 G/T to less than 750 G/T	266,000	44,000 (47,000)
750 G/T to less than 1,000 G/T	285,000	47,000 (50,000)
1,000 G/T to less than 3,000 G/T	323,000	53,000 (56,000)
3,000 G/T to less than 5,000 G/T	342,000	57,000 (60,000)
5,000 G/T to less than 10,000 G/T	399,000	66,000 (69,000)
10,000 G/T to less than 15,000 G/T	437,000	72,000 (75,000)
15,000 G/T to less than 20,000 G/T	532,000	88,000 (91,000)
20,000 G/T or more	551,000	91,000 (94,000)

- * Fees excluding tax for four (4), six (6), eight (8), ten (10) and twelve (12)-week-period certificates are 2, 3, 4, 5 and 6 times the fee excluding tax for 2-week-period certificate respectively.
- * The Limited Annual Certificate fee is to be calculated on a pro rata (monthly) basis based on the Annual Certificate fee. Validity period of Limited Annual Certificate may be extended on a monthly basis.
- * The figures in brackets in the above table shows the amount including the fee for certificate issuance.
- * Amount shown in the above table does not include tax. Tax is exempted except ships under Japanese flag.
- * Following the examples of IMO (stability of a ship is proportional to the length of freeboard, rather than the capacity), the fee ratio for each GT category is the cubic root ratio (length) of the average of the tanker's tank capacity.

(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 above.

- (i) Specified Period Certificate: 50 % of the two (2)-week-period Certificate fee
- (ii) Annual Certificate: 10% of the Annual Certificate fee
- (iii) Limited Annual Certificate: 10% of the Limited Annual Certificate fee

(3) Service Fees

- (iv) Fee of issuing each Certificate is 3,000yen (tax-exclusive), however, it is exempted for Annual Certificate and Limited Annual Certificate.
- (v) Fee for re-issuing each Certificate when revising entries of the Certificate is 3,000yen (tax-exclusive).
- (vi) Fee for refunding a part of the 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 (including Limited Annual Certificate) is 3,000yen (tax-exclusive).
- (vii) Fee for extending the validity period of Limited Annual Certificate is 3,000yen (tax-exclusive).
- (viii) Bank transfer fee shall be borne by the applicant.
- (ix) 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 (including Limited 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)

※ Please refer to the Contract or the Fare Regulation concerning HNS Materials, Equipment and Experts Deployment Certificate Issuance for more information



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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