



THE JAPAN SHIP OWNERS' MUTUAL PROTECTION & INDEMNITY ASSOCIATION

SPECIAL CIRCULAR

To the Members

No. 17-010
22 December 2017

Dear Sirs,

Honduras – Oil Spill Response – new requirements

Members are informed that there are new oil spill response requirements in Honduras. These will come into force on 1st January 2018 and will apply to both tank and non-tank vessels.

The Honduras Maritime Authority has advised that according to Act DGMM-022-2015 all vessels must nominate an oil spill response organisation (OSRO) which has been approved by the Authority to secure the availability of private personnel and equipment necessary to remove, to the maximum extent practicable, a worst-case discharge, and to mitigate or prevent a substantial threat of such a discharge.

One such OSRO currently exists - Ocean Pollution Control, S.A. Honduras, who has agreed to contract on an unamended RESPONSECON form in the event of a spill. Members will recall that RESPONSECON is the standard industry contract developed by BIMCO/ISCO for the hire of specialised spill response services and equipment in the event of an incident in international waters outside the United States. The terms and conditions conform to International Group's guidelines for vessel response plan contracts.

The Honduras Maritime Authority has confirmed that an IG Club's Certificate of Entry is sufficient evidence of insurance to cover the liability of the registered owner for pollution damage for all vessels calling at Honduran ports or requesting anchorage within Honduran waters. This is required to be submitted to Port State Control officials at least 24 hours prior to the vessel's arrival together with, for CLC tankers, the vessel's State Certificate issued in accordance with the International Convention on Civil Liability for Oil Pollution Damage.

The shipowner will also need to arrange via their local ship's agent in Honduras a "standby contract" - Certificate of Coverage for marine pollution response issued by Ocean Pollution Control, S.A. Honduras. The wording of the stand-by contract conforms to International Group's guidelines. The contract has the following footer: "Ocean Pollution Control, S.A. Honduras Effective 01.12.2017" as per the attachment.

All Clubs in the International Group of P&I Clubs have issued similar circulars.

Yours faithfully,

The Japan Ship Owners' Mutual Protection & Indemnity Association

Attachment: Prevention and Response to Pollution Contract

Prevention and Response to Pollution Contract

On the one hand, Mrs. LUISA MARIA ORDOÑEZ FIALLOS, of legal age, married, Attorney and Notary, of this jurisdiction, with Identity Card number 0801-1969-08459, acting as Legal Representative of the company Ocean Pollution Control, SA; as evidenced by the Testimony of Public Deed number 25634 dated October 5, 2017 authorized by Ela Marife Jaen Herrera, a Public Notary in the city of Panama, Republic of Panama, where Minutes of an Extraordinary Meeting of Shareholders of the aforementioned company, dated September 28, 2017, were formalized; inscribed with the number 43333 From enrollment No73833 of the Mercantile Registry of the Department of Francisco Morazán; a company duly authorized to operate in the Republic of Honduras as an Oil Spill Response Organization OSRO for its acronym in English , by agreement of the General Directorate of the Merchant Marine number 023-2012 dated May 4, 2012; who from now on will be called OSRO and on the other hand appears Mr./ Mrs., in his/her capacity as legal representative of the Shipping company or Agent:....., as accredited by Instrument number Dated..... authorized by Where it is stated that it has sufficient faculties to subscribe this kind of acts; hereinafter referred to as THE CONTRACTING PARTY, agree to carry out the following contract in accordance with the following Clauses:

1. This contract is based on the legal agreement DGMM 023-2012, which designates Ocean Pollution Control, S.A. Honduras as the authorized company as Oil Spill Response Organization for Hydrocarbons and Polluting Substances (OSRO), which must comply with the obligations that this designation entails with the General Directorate of Merchant Marine and the environmental regulations in force in the country. The main objective of this contract is to provide the OSRO service to one or several vessels represented by THE CONTRACTING PARTY and operating in the territorial waters of Honduras.

2. It is the responsibility of OSRO:
 - a) To have in the Honduran territory response points in accordance with the National Contingency Plan for Oil Spills and potentially harmful Substances in aquatic spaces of Honduras (PNCH), properly equipped, with the best accessible technology, according to the threats of risk defined within the same.
 - b) To have properly trained personnel located in the areas of greatest risk, as indicated by the PNCH. OSRO must maintain its personnel in continuous training and must carry out collection and cleaning exercises at its cost, with the participation of relevant Authorities.
 - c) To have the best accessible technology for monitoring spills with mathematical models such as Oil Map, drones, etc.
 - d) To have the best available technology for the remediation and mitigation of environmental damage in situ, both hydrocarbons and harmful substances.
 - e) To have the best accessible technology for the final disposal of the waste collected during the incident.
 - f) To always be ready for a first response of no more than 6 hours, for the actions of inspection, preparation and deployment of media. After that, starting fencing activities

and remove contaminants spilled by type. These pollutants can be, hydrocarbons of different types and viscosities, oleaginous oils and animal fats, chemical substances harmful to health and to the environment (HazMat).

- g) To have the capacity to handle spills in Tier I and Tier II categories.
 - h) If required, OSRO will receive support from the OPC Group from other countries.
 - i) OSRO will deliver a certification that THE CONTRACTING PARTY has signed this contract and the represented vessel is up to date with the OSRO, for the responsibilities of Prevention. This certification may be required by the General Directorate of the Merchant Marine (DGMM) for the free dialogue of the vessel.
 - j) When contamination incidents occur, OSRO will deliver to THE CONTRACTING PARTY a certificate of final disposal of contaminants, once the recovery, remediation and final disposition work has been completed. This will always be in accordance with the criteria and protocols accepted by the competent authorities of the Republic of Honduras. A detailed final report will be presented, describing the operations, personnel working time in man hours, equipment usage time and required materials. It is convenient and the CONTRACTING PARTY is urged to have an activity log that will include a diary of the operations and resources used.
3. THE CONTRACTING PARTY is responsible for:
- a) To keep OSRO informed of harmful loads that are transported recurrently, in order to have in advance the management and recovery protocols of these substances.
 - b) Comply with prevention rate payments.
 - c) In the event that the DGMM issues agreements or circulars establishing new charges or recurring charges related to OSRO, it will be the obligation of THE CONTRACTING PARTY to notify its Directors and / or the shipping companies, as the case may be, of said provisions for compliance, freeing OSRO from any type of liability.
 - d) Keep the DGMM informed that prevention rate payments to OSRO are up to date.
 - e) Accept its responsibility in the event of an oil spill incident or HazMat, over which the OSRO will not have any responsibility whatsoever.
 - f) Deliver to OSRO a PURCHASE ORDER with the IMO number and with the GRT of each vessel that OSRO wishes to cover.
4. Contract amount:
- a) Prevention Fee: THE CONTRACTING PARTY agrees to pay OSRO the amount of USD ____ for each gross registered ton (GRT) of the ship as a fee for prevention and response activation, whenever it berths in Honduran port or makes use of the docks.
 - b) OSRO will deliver the invoice to THE CONTRACTING PARTY, agent or shipping line of the vessel subject to this COVERAGE according to the PURCHASE ORDER delivered by the CONTRACTING PARTY described above in 3f).
 - c) The invoice described in 4b) will be canceled in ____ business days. .
 - d) Costs for oil or harmful substances spill: In the event of an incident, THE CONTRACTING PARTY shall pay OSRO the sum resulting from the resources activated and required for the recovery of contaminants, cleaning, mitigation and final disposal of the

contaminants through the application of a tariff that OSRO takes to the effect. Annex I of this contract contains a table of standardized or tariff costs for cleaning, removal and related events . The Incident will be handled according to the RESPONSECON incident contract format of BIMCO / ISCO for Equipment and Personnel services without amendments to its clauses.

5. Incident Command:

- a) In the event of a spill, OSRO will act immediately in Tier I cases, notifying the Merchant Marine General Directorate of the incident and proceeding with its removal, cleaning, mitigation and final disposal.
- b) In the case of a Tier II spill, in addition to the actions specified in Clause 5.a, OSRO will act immediately by activating the Department of Oceanographic Engineering and will do what is necessary to establish an Incident Command with the participation of relevant authorities and THE CONTRACTING PARTY, if necessary, or a representative of the same, such as the Shipping Agent or the P & I of THE CONTRACTING PARTY. The on-scene commander will direct the operations of cleaning and removal of contaminants and the Incident Command will make decisions where possible affectations may occur to possible areas of sacrifice. The Incident Command will designate a spokesperson that will communicate the causes and actions to the public in a professional manner. OPC Honduras may call, if necessary, third companies that own equipment and personnel, as it appears in the PNCH and may request equipment and technical dispatch from other countries, to the OPC Group.

6. Confidentiality:

- a) OSRO is committed to maintaining confidentiality regarding the spill and its causes. THE CONTRACTING PARTY will support the official spokesperson with advice, who will explain to the media and NGOs the situation in accordance with the spokesperson of the Incident Command in case of Tier II. It is recognized that speculations of third parties should be avoided in regards to information about the incident because the reality is exaggerated and distorted.
- b) RESPONSECON considers that THE CONTRACTING PARTY is the only authorized spokesperson to speak about the incident. Therefore OSRO is not responsible if the authorities of the country determine that they are the authorized spokespersons.
- c) OSRO and THE CONTRACTING PARTY are committed to maintain confidentiality of the details of the contract and of parallel agreements that may arise, as well as techniques or developments of OSRO that belong to their own development.

7. Use of RESPONSECON for spill cases.

- a) In spill events and without prejudice to the previous clauses, the RESPONSECON format of BIMCO / ISCO will be used for Equipment and Personnel services without amendments to it. For this reason the provisions of RESPONSECON without any amendments thereto, shall be those prevailing in case of any contradiction to this contract.

8. Duration of the Contract:

- a) The duration of this contract is indefinite, as long as THE CONTRACTING PARTY is carrying out maritime port activities in the Republic of Honduras. However, either party may terminate this contract by giving the other sixty days' notice.

In witness whereof OSRO and THE CONTRACTING PARTY sign the present contract on the ... days of the month of of the year two thousand and seventeen.

OSRO

THE CONTRACTING PARTY

ANNEX A

SCOPE OF WORK IN CASE OF INCIDENT

ANNEX B

WORKING PERSONNEL IN CASE OF INCIDENT

ANNEX C

EQUIPMENT AND PARTICULARS IN CASE OF INCIDENT

ANNEX D

GLOSSARY

OSRO: Company recognized and approved by the Directorate General of the Merchant Marine of the Republic of Honduras, to act on Prevention, Recovery, Cleaning and mitigation of spill incidents in the marine or terrestrial environment. Whether it's hydrocarbons or HazMat. For the purposes of the contract is also, The Contracted Company.

HazMat: Refers to liquids, solids or gases defined as Hazardous Materials Potentially Harmful to Health, which put human health, living organisms, goods and the environment at risk. Equivalent terms: (HazMat), (HNS), (DG),

HazMat: (Hazardous Material)

HNS: (Hazardous and Noxious Substances) It refers to substances listed by IMO corresponding to "the International Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious Substances by Sea", Protocol de 2010.

DG: Dangerous Goods or dangerous materials or substances (HazMat)

IMDG: International Maritime Code on Dangerous Goods (International Code on Management of Hazardous Substances) transported by sea. Annex III of the Marpol 73/78 Convention is governed by the IMDG Code and refers to the handling of DG in packages. The 2014 edition is in force and the new edition of 2016 will come into force in 2018.

The Contracting Party: Company that hires OSRO.

PNCH: National Contingency Plan for Spills of Hydrocarbons and Potentially Hazardous Noxious Substances in Honduran Water Spaces.

Prevention, or Incident Prevention: It is the ability of OSRO to anticipate the possible incidents in magnitude, scope and damage that the spills may cause and to have the necessary equipment, personnel and training to face them, in accordance with the sensitivity and risk studies existing or anticipated by OSRO.

Spill Removal: It refers to the mechanical actions of re-collection of HC or HazMat that have been dumped in any matrix, according to the "Best Accessible Technology"

Spill Mitigation or Mitigation:

Dispersants:

MPCD: Molecular Potentially Chain Disintegrator. Chemical product, environmentally friendly, diluted in water that breaks the hydrocarbon chains.

Nutrients: It refers to chemical elements that balanced with the carbon content of a matrix contaminated with hydrocarbons, facilitate the action of degradation of bacteria.

Bio Remediation: Bacterial action of digestion of the HC breaking the molecules thereof and transforming them into environmentally friendly products.

Prevention Fee: Payment that the Contracting Party must make to OSRO every time a ship represented by The Contracting Party, berths or operates in the ports and docks of the Republic of Honduras.

Incident Command: It is whoever arrived on the scene, assumes responsibility for actions at the scene until the command is transferred to another person

On-scene Commander: Is the person in charge of the global administration of all incident response activities, such as operations, planning, logistics, finance, security, among others.

RESPONSECON: Spill Response Contract

Coverage: Scope of application

Purchase Order: it is a document that is issued in order to request products, merchandise or services; It Indicates quantity, detail, price and payment terms, among other things. The original document is for the person who provides the service and implies that you must prepare the order