

CIRCULAR

To the Members

Price cap for crude oil and petroleum products of Russian Federation Origin — Request for Attestation

In September 2022, the G7 Finance Ministers agreed to introduce a "price cap" (a measure that prohibits services related to the marine transportation of Russian crude oil and petroleum products which are sold above a certain price and exempts services related to Russian crude oil and petroleum products sold at or below a certain price), with the aim of reducing Russian energy revenues while preventing a sharp rise in global energy prices.

In accordance with this agreement, on 5th December, 2022, the Japanese Ministry of Finance published Notice amending the Foreign Exchange Order and Q&A regarding the price cap regime.

Under the Notice, our association will, in principle, be prohibited from providing insurance services to vessels transporting Russian crude oil that are sold above the "price cap" on or after 5th December, 2022 (the provision of insurance for vessels transporting Russian petroleum products will be prohibited on or after 5th February, 2023). The provision of insurance for vessels transporting crude oil and petroleum products which are sold at or below the price cap (to countries where imports are not prohibited) will be allowed only after receiving a written declaration (attestation) in advance from the members.

- The targeted cargoes are crude oil (HS code 2709.00) and petroleum products (HS code 2710) of Russian origin.
- The price cap for crude oil is US\$60.00 per barrel (FOB price) as of 5th December, 2022. The price cap for petroleum products has not been announced. Prices are subject to change depending on the circumstances.
- This price cap is applicable to crude oil and petroleum products originated in Russia, regardless of the place of loading. Russian crude oil blended with non-Russian crude oil is also subject to the price cap. If Russian crude oil is refined into petroleum products in Country A and the petroleum products are then transported to Country B, the transportation from Country A to Country B is not subject to this measure, as the place where the 4-digit code was last changed is considered the place of origin.
- The measure does not apply to Russian crude oil that is loaded onto a vessel before 5th December, 2022 and unloaded before 19th January, 2023.
- Crude oil, etc. from the Sakhalin 2 project is not subject to the price cap, but members are required to submit the attestation and a certificate of confirmation issued by the Minister of Economy, Trade and Industry proving that the cargo is from the Sakhalin 2 project to the association.

As of 5th December, the G7 countries (including the EU) and Australia are participating in the price cap regime. Therefore, not only our association but also International P&I Group (IG) member clubs and commercial reinsurers participating in the IG reinsurance programme, who are subject to the jurisdiction of participating countries, are affected by this measure.

Members who may engage in the transportation of Russian crude oil at or below the price cap on or after 5th December,

2022 or the transportation of Russian petroleum products at or below the price cap on or after 5th February, 2023 are requested to submit the attached Attestation to our association (PDF version is acceptable). Please note that if the price of crude oil or petroleum products exceeds the price cap, our association cannot provide insurance services, except in particular cases approved by the Minister of Finance.

Also, the services subject to the price cap system include not only "insurance" but also "shipping". Please note that, in addition to submitting an attestation to our association, members subject to Japanese law must also fulfil the requirements in the Notice as a "shipping service provider" (i.e., obtaining price information from cargo interests, or if difficult, obtaining an attestation from the counterparty).

Yours faithfully,

The Japan Ship Owners' Mutual Protection & Indemnity Association

Attachment: Attestation sample format

Issued to:

Name of P&I Club

Address of P&I Club

PRICE CAP ATTESTATION FOR RUSSIAN ORIGIN OIL

1. The Assured represents and warrants that for any provision of services related to the maritime transportation of Russian origin oil or petroleum products by any party entitled to cover has been, is, and will be in compliance with the price cap policy administered and enforced by the governments of the United Kingdom, the United States, the European Union and its Member States, including their allies and partners such as Japan and Norway. The Assured represents and warrants that it has not taken and will not take any action with the effect or purpose of evading, circumventing, or attempting to violate the price cap policy.
2. The Assured shall provide to the Club information and documentation related to compliance with the price cap policy, including any relevant attestation and/or proof of reporting provided by a Tier 1 or Tier 2 actor, as quickly as practicable upon request and in no case later than five business days of the request.
3. In the event the Assured becomes aware of circumstances that provide reasonable cause to suspect that it may have been or may be involved in any activity contrary to the price cap policy, the Assured shall immediately notify the Club of such circumstances. The Club may notify relevant authorities of information that provides a reasonable cause to suspect that a violation of the price cap policy has taken place.
4. The Club shall not indemnify an Assured against any liabilities, costs or expenses where the provision of cover, the payment of any claim, or the provision of any benefit in respect of those liabilities, may expose the Club to risk of violation of the price cap policy. In the event the Club determines that a violation of the price cap policy has

taken place, the Club may immediately terminate the policy and will have no liability whatsoever under the policy beyond what is permitted by applicable law.

5. The Assured and the Club will retain the executed version of this attestation for five years.

Policy Number or other reference

Insured name

Insured address

Represented by (name)

Position of representative

Signature

Date of signature