

Greenland Parliament Act No. 4 of 4 June 2012 on Greenland Oil Spill Response A/S

Foundation, purpose and liability

1. - (1) The Greenland Government founds a limited company with a share capital of DKK 500,000 for the foundation.

(2) The company's name is Greenland Oil Spill Response A/S. The Company's secondary names are Kalaallit Nunaanni Uuliamik Mingutsitsinermi Upalungaaqut A/S (Greenland Oil Spill Response A/S) and Grønlandsk Olieforureningsberedskab (Greenland Oil Spill Response A/S). The company may operate under other secondary names.

(3) The company's share capital is held by the Government of Greenland, subject to Article 4. The share capital consists of assets in the form of equipment for oil pollution preparedness, oil pollution control, environmental clean-up or similar.

(4) The company's aim is to operate on a commercial basis on Oil Pollution Preparedness, oil pollution control, environmental clean-up after oil spills and other related activities within the mineral resources area in Greenland. The company can to the extent stated in the company's by-laws also carry out business within other areas in Greenland.

(5) The company's aim is also to help in the establishment, operation and expansion of an oil pollution emergency in the mineral resources in Greenland, including through active participation in exercises.

(6) The company is an independent business. It operates without liability from the Greenland Government.

Definitions

2. – (1) Oil means oil and other liquid hydrocarbons. The same applies to oil pollution, oil pollution preparedness and oil pollution response.

(2) The Mineral Resources Act means the Parliament Act on Mineral Resources (the Mineral Resources Act).

(3) The company means Greenland Oil Spill Response A/S.

Operating and Financing

3. (1) The Company may not take out loans for the operation of business, including funding for capital expenditures, unless the provision of loans is approved by the General Assembly. Loans may only be admitted on the basis of a funding and investment plan approved by the General Assembly.

Greenland Government sale of shares

4. – (1) The Greenland Government can after 1 January 2016 sell up to one third of the shares in the company, after 1 January 2018 the Greenland Government can sell up to two thirds of the shares and after 1 January 2020 all the shares.

(2) Articles 8 and 9 shall not apply if at least two thirds of the shares are owned by other than the Greenland Government.

General Assembly, the Board of Directors

5. – (1) The Board of Directors must possess general business and management skills and knowledge of mineral resources activities, oil spill preparedness, oil pollution control and environmental clean-up after oil spills.

(2) A person who is a member of the Greenland parliament or Greenland Government may not sit on the board of directors. The same applies to a person covered by any of the situations mentioned in Article 6, Section 1, sub-section 3-5.

(3) Article 5, Section 2 shall not apply if at least two thirds of the shares are owned by other than the Greenland Government.

6. – (1) The Board of Directors shall convene an extraordinary general meeting for additional election to the board of directors for the remainder of the term, if one of the following situations arises for a member of the board of directors who has been elected at the annual general meeting:

- 1) The board member resigns.
- 2) The Board member becomes a member of the Greenland parliament or Greenland Government.
- 3) The member goes into bankruptcy.
- 4) The member has been found guilty in an act that makes him or her unworthy to remain on the board of directors.
- 5) The member has, because of prolonged illness or other impairment, proved unable to serve on the board of directors, or has been shown clearly unsuitable.

(2) In cases referred to in Article 6, section. 1, Sub-section 2-5, the member shall immediately inform the Board of directors about the relationship and immediately resign from the board of directors.

(3) Article 6, Section 1, Sub-section 2, shall not apply if at least two thirds of the shares are owned by other than Greenland Government.

7. - Only a person who generally have skills equivalent to the Board's expertise, see Article 5, Section 1 can be appointed as Director.

(2) A person who has been convicted of serious tax offenses or violations of regulations on economic crime under the Greenlandic Criminal Code cannot be appointed as director.

(3) A person who is a member of the Greenland parliament or Greenland Government cannot be appointed as director.

(4) Section 3 shall not apply if at least two thirds of the shares are owned by other than the Greenland Government.

Licensees and other organisations agreements with the company on its services

8. – (1) A licensee that has been granted a license under the Mineral Resources Act shall enter into agreement with the company on its delivery of services on Oil Pollution Preparedness, oil pollution control and environmental clean-up after oil spills, to the extent that the company offers delivery of such services related to the licence or the activities covered by the licence, cf. Article 8, sections 2 and 3.

(2) An agreement as referred to in Article 8, Section 1 shall be established and fulfilled in the following cases:

1) When the licence is a prospecting licence or an exclusive licence for exploration or exploitation of hydrocarbons in the inland waters of Greenland or in the territorial sea, the exclusive economic zone or continental shelf area off Greenland. The licensee shall then pay subscription fees during the license period and activity fees to the extent that activities are performed, and performance fees, to the extent that services are received in accordance with Article 9.

2) When the licence is a prospecting licence or an exclusive licence for exploration or exploitation of hydrocarbons or minerals onshore Greenland and ships or other vessels are used in inland waters in Greenland or in the territorial sea or the exclusive economic zone of Greenland in connection with the activities covered by the licence. The licensee shall then pay disposal fees to the extent that activities are performed, and performance fees, to the extent that services are received in accordance with Article 9.

3) When the license is a license for the establishment and operation of a pipeline for activities covered by the Mineral Resources Act and the pipeline is established wholly or partly in inland waters in Greenland or in the territorial sea or the exclusive economic zone of Greenland. The licensee shall then pay subscription fees during the license period and the disposal consideration, to the extent that activities are performed, and performance fees, to the extent that benefits are received in accordance with Article 9.

(3) The Greenland Government can determine that an agreement as referred to in Article 8, Section 1 shall be established and fulfilled in cases other than those referred to in Article 8, section 2 above.

(4) Article 8, Sections 1-3 shall not apply if the licensee can document that the company's delivery of services is clearly not technically or commercially competitive, neither shall it apply if the licensee enters into agreement with another Greenlandic company for the same services.

(5) Where an agreement as referred to in Article 8, Section 1 shall be entered into, cf. Article 8, Section 1-3, the Greenland Government can order the licensee not to perform any activities under the license before the licensee has entered into and fulfilled such an agreement or has justified one or more of the following circumstances:

1) The company's services or the company's terms of delivery of the services is clearly not technically or commercially competitive, cf. Article 8, Section 4.

2) The licensee has entered into and fulfilled one or more agreements with one or more other Greenlandic companies for their supply of services similar to the services covered by Article 8, Sections. 1-3, cf. Article 8, Section 4.

(6) A licensee who enters into and fulfils an agreement as referred to in Article 8, Section 1 shall also undertake other activities and take other measures, including make and fulfil agreements with other suppliers for the provision of services referred to in Article 8, Section 1, to the extent necessary to meet the requirements for oil pollution preparedness under the Mineral Resources Act, activity plan or activity

permit.

9 – (1) Services covered by an agreement as referred to in Article 8 are to be delivered at market price and at market conditions. Terms and conditions should be determined by taking into account the contribution to the establishment, operation and expansion of an oil pollution emergency in the mineral resources in Greenland cf. Article 1, Section 5, and that the company's expenses in connection therewith should be covered by the remunerations for its services.

(2) The remuneration for services covered by an agreement referred to in Article 8, shall among other things be determined by one or more of the following types of payment:

1) An amount paid for access to the company's services for a period, whether activities are performed or not performed under a license, and whether specific services are received or not received (subscription fees).

2) An amount paid for access to the company's services for a period to the extent that activities are carried out, but not dependent on whether specific services are received or not received (disposal fees).

3) An amount paid to the extent that services are received (performance fee), including payment use (or rent) for use (or rent) of emergency equipment.

(3) Subscription Fees shall be paid periodically in advance. The same applies to disposal fees, to the extent that the amount of activity is known prior to their execution.

Governing law and jurisdiction for litigation

10 – (1) Lawsuits against the company, shall be brought before the Court of Greenland as a first body unless otherwise provided by international agreements or if otherwise agreed upon between the company and its suppliers or service providers.

(2) Disputes concerning the requirements for the company's business in accordance with this Act, including private law claims against parties residing in this country or abroad, can by the company be filed in the Court of Greenland as a first body, unless otherwise provided by international agreements or if otherwise agreed upon between the company and its suppliers or service providers.

(3) Proceedings under Article 10, Sections 1 and 2 shall be governed by Greenlandic law, unless otherwise provided by international agreements.

Authorities Processing, etc.

11 (1) The Greenland Government may lay down detailed rules for special tasks according to Article 1 Section 5, the content of agreements under Article 8 and on services and on general terms of pricing according to Article 9.

(2) The Greenland Government oversees that the company's equipment meets the purpose of Article 1, Section 4 operation and maintenance of oil pollution preparedness in accordance with Article 1, Section 5 and in accordance with service agreements in accordance to articles 8 and 9. The inspecting authority's employees shall at any time, without a court order, on proof of identity be granted access to physically inspect the company's equipment.

(3) The Greenland Government may issue orders on compliance with this Act and regulations laid down in pursuance of the Act.

(4) Licensees and the company must provide all information necessary for the Greenland Government to perform adequate inspection in accordance with Section 2. The Greenland Government can in connection with inspections covered by this Greenland Parliament Act, impose upon the company and the licensees to provide information in a manner and form that the Greenland Government deem necessary.

Penalties and entry into force, etc.

12 – (1) A fine may be imposed on persons who intentionally or recklessly:

- 1) Gives false or misleading information or withhold information that an authority is entitled according to Article 11, Section 4.
- 2) Fails to conclude or fulfil a contract to be awarded and executed according to Article 8, Section 1-4.
- 3) Fails to comply with orders issued in accordance with Article 8, Section 5 or Article 11, Section 3.

(2) Fines can be imposed on those who do not comply with this Parliament Act.

(3) Fines issued in accordance with this Greenland Parliament Act or provisions under this Greenland Parliament Act can be imposed on a legal person in accordance with the Greenland Criminal Code.

(4) Proceedings who falls under Article 12, Section 1-3 shall be brought before the Court of Greenland as a first body.

(5) Fines imposed under this Greenland Parliament Act or provisions laid down under this Greenland Parliament Act accrue to the Greenland Treasury.

13 – (1) This Greenland Parliament Act takes effect on 1 July 2012.

(2) This Greenland Parliament Act applies for licenses issued under the Mineral Resources Act, including licences that have been granted prior to this Greenland Parliament Act, as well as licensees under such licenses.

Greenland Government, 4 June 2012

Kuupik Kleist