

SHANGHAI HIGHWOODS SHIP CO., LTD.

Credit Management in China Waters

“Administrative Measures on the List of Targets for Joint Incentives of Transportation Trustworthiness and Joint Punishment of Untrustworthiness (Trial)”

Article 1 In accordance with the requirements of the State Council (Guo Fa [2016] No. 33), improve the joint incentives for trustworthiness and joint punishment for dishonesty of transportation enterprises, and create a fair and competitive market environment. These Measures are formulated.

Article 2 These Measures shall apply to the management activities of identification, release, rewards and punishment, Recovery and removal of the list of joint incentive targets and joint disciplinary targets for dishonesty (hereinafter collectively referred to as red and black lists). Untrustworthy subjects who have acted serious dishonesty in key areas or have repeatedly performed minor dishonesty but have not yet met the criteria for determining the list of joint disciplinary targets for dishonesty, may be included in the list of key concerns of the credit status (hereinafter collectively referred to as the key concern list) to strengthen supervision.

The management of red and black lists in the field of transportation follows the principles of lawful and prudent determination, objective accuracy, fairness and openness, classified management, grading guidance, reward and punishment, and encourage Recovery.

Article 4 MOT shall formulate a red-black list, identification standards, validity period, and supervise its implementation. In principle, the list is determined to implement nationwide standards. In the field of transportation industry where no nationwide standards are formulated, the local provincial transportation authority may formulate their standards as needed, and after the provincial people's government has reviewed and approved it, it shall be implemented after being reported to MOT for the record.

Article 5 MSA is responsible for carrying out the identification

SHANGHAI HIGHWOODS SHIP CO., LTD.

of the transportation red and black list, and interprets the content and basis of the red and black list submitted for publication, and verifies its authenticity, accuracy and compliance responsible.

Article 6 Important references for identifying data sources for the trustworthy joint incentive target list (hereinafter collectively referred to as the red list) include:

- (1) The information of the administrative counterparts who have been in good standing for a long period of time and have received provincial and above commendations by the transportation management department implementing credit classification and classification supervision;
- (2) Information on the record of integrity behavior provided by the transportation industry association (academy) registered by the competent department of the provincial and higher associations;
- (3) Other information that can be used as the data source for red list certification.

Article 7 Important references for identifying data sources for the list of targets for joint disciplinary actions for dishonesty (hereinafter collectively referred to as blacklists) include:

- (1) After the administrative department of transportation has made an administrative decision, it has the ability to perform but refuses to perform or evades execution, and seriously resists the government decision;
- (2) Information reflecting the subject's untrustworthy status in terms of transportation administrative license, administrative punishment, administrative coercion, administrative confirmation, administrative inspection, administrative collection, administrative payment, etc.;
- (3) Other information that can be used as the data source for blacklist identification.

Article 8 The main contents of the list information include:

- (1) Basic information includes the names of legal persons and other organizations (or names of natural persons), unified social credit codes, global legal entity identification codes (LEI codes) (or citizenship numbers, civil society credit codes

SHANGHAI HIGHWOODS SHIP CO., LTD.

of Hong Kong, Macao and Taiwan residents, Foreign national identification number), the name of the legal representative (or the person in charge of the unit, the main responsible person) and the type and number of their identity documents, and other information required by the specific red and black list system;

(2) The reasons for being included in the list, including the facts of determining honesty and trustworthiness or illegal and untrustworthy acts, the identification department (unit), identification basis, identification date, list validity period, etc.;

(3) Relevant subjects are subject to joint rewards and punishments, credit Recovery, and implementation of list removal.

Article 9 MSA generates a red list after cross-checks it with the black list and key watch list in various fields in the nationwide transportation credit platform to ensure that the subjects that have been included in the black list and key watch list Not included in the red list. The red list after being selected shall be publicized through website. The publicity period is generally 10 working days.

Article 10 MSA generates blacklists and performs publicity or notification procedures. The publicity should be implemented through the website, and the publicity period is generally 10 working days. The notification procedure is specified and implemented by the red and black list system in the relevant field. If a natural person intends to be included in the blacklist, the identification department (unit) shall organize the relevant unit to implement prior notice through messages, websites, mailing, newspapers, etc. Where laws and regulations already have relevant provisions, the provisions shall prevail. Before being released, the blacklist with no objections shall be cross-checked with the red list in various fields in the national transportation credit platform. If the main body of the black list has been included in the red list, it should promptly inform the national transportation credit platform to remove it from the red list.

Article 11 MSA submits the identified red and black lists,

SHANGHAI HIGHWOODS SHIP CO., LTD.

focused attention lists and other information to MOT in accordance with the regulations, incorporates it into the nationwide transportation credit platform, establishes an industry joint reward and punishment information database, and implements dynamic management. At the same time, the Nationwide Transportation Credit Platform promptly forwards relevant information to the Nationwide Credit Platform and the Nationwide Enterprise Credit Information Publicity System.

Article 12 MOT shall publish a red and black list to the public through website, and may publicly publish a list of key watch list. If the information related to business secrets and personal privacy is opened with the written consent of the parties or if the department (unit) believes that non-disclosure may have a significant impact on public interests, it shall be disclosed in accordance with the law with necessary technical treatment. The release period of the list information is consistent with the period of validity of the list. The period of validity of the list is generally not more than 3 years, and it can be extended by 1 to 2 years for serious dishonesty.

Article 13 If there is any objection to the list information to be published during the publicity period of the red-black list or the notification procedure, the parties have the right to make statements and defenses, and may file an objection application to the identification department (unit), and the identification department (unit) shall Check processing.

Article 14 Relevant units (individuals) may file an objection application and provide relevant materials in the following ways:

- (1) Submit directly to the certification department (unit);
- (2) Proposed through website, and transferred to the certification department (unit) for processing by the website.

Article 15 After receiving the objection application, the identification department (unit) shall conduct verification within 15 working days, make a decision to maintain, modify or withdraw the determination according to the relevant

SHANGHAI HIGHWOODS SHIP CO., LTD.

regulations and verification results, and notify the applicant.

Article 16 MOT shall incorporate the information of the red and black lists into the nationwide credit platform by signing a joint memorandum of cooperation on trustworthiness and joint punishment for dishonesty, and relevant departments shall implement joint rewards and punishments in accordance with their responsibilities.

Article 17 According to the requirements of the State Council and the industry on joint awards and punishments, the competent transportation departments at all levels shall, in terms of government funding support, government procurement, bidding, production permits, qualification audits, market access, daily inspections, evaluation and evaluation, etc. Actively carry out the work of keeping promises and punishing untrustworthiness. Credit supervision functions should be embedded in business management systems and specific work processes in various fields of the industry to actively query and use information on red and black lists.

Article 18 The competent transportation departments at all levels shall, through appropriate ways, issue a warning to the credit subject of the key watch list and remind them of the validity period, implement disciplinary punishment measures in line with the degree of dishonesty.

Article 19 The main body of the blacklist shall correct untrustworthy behavior, eliminate adverse social impacts, and participate in the credit training organized by the leading unit of the construction of the social credit system of local governments or the transportation authority for credit Recovery.

Article 20 If a party has reached half a year from the date of being blacklisted, and fulfills its related obligations in accordance with the regulations and completes the rectification requirements, it may submit an application for Recovery. The procedure is as follows:

SHANGHAI HIGHWOODS SHIP CO., LTD.

(1) The applicant submits the "Credit Recovery Application" (Annex 1) and "Credit Recovery Commitment" (Annex 2).

(2) MSA shall confirm the conformity of the object of credit Recovery and the integrity of the application materials within 5 working days. If the application is not accepted, the applicant shall be informed with the reasons of the rejection.

(3) The identification department (unit) checks the applicant's credit rectification situation and rectification results.

(4) The identification department (unit) shall make a "Credit Recovery Notice" (Annex 3) within 30 working days based on the verification results, promptly notify the applicant of the results of the credit Recovery process, and report to MOT for record, and copy the nationwide transport credit platform

(5) The nationwide transportation credit platform should update the published information of the list on the websites within 5 working days according to the processing decision of the "Credit Recovery Notice", and the applicant's Letter of Commitment is publicized on website. The "Personal Credit Recovery Commitment" shall hide personal privacy information, and the time of publication shall be the same as the time limit of the blacklist originally published.

Article 21 Any one of the following situations shall not be subject to credit Recovery:

(1) Less than one year before the last credit Recovery;

(2) Twice Recoverys in total within 3 years;

(3) Refusing to correct the dishonesty or not participating in the interview for no reason, failing to implement the agreed items in the interview, and failing to perform it after supervision;

(4) Other untrustworthy acts that Credit Recovery cannot be carried out in accordance with laws and regulations.

Article 22 The units in the blacklist may be removed from the blacklist if one of the following circumstances exists:

(1) No serious dishonest behavior again after the expiration date of the blacklist;

(2) The credit Recovery has been carried out and approved by authority;

(3) The administrative penalty and administrative compulsory decision on the blacklist is revoked according to law.

SHANGHAI HIGHWOODS SHIP CO., LTD.

Subjects of the blacklist removed as per the first two channels should be immediately included in the key watchlist. If similar dishonest behaviors occur again within the validity period of the key watchlist, they should be directly included in the blacklist. The validity period of the list is determined by the red and black list system in the corresponding field.

Article 23 The red list may be removed if it meets one of the following circumstances:

- (1) The validity of the red list expires;
- (2) Being included in the blacklist and key watch list by the relevant department within the validity period;
- (3) It is found that there are bad behaviors such as improper use of the red list reward mechanism during the validity period.

Article 24 When carrying out management activities such as the identification, release, rewards and punishment, Recovery, and removal of red and black lists, MSA at all levels shall strictly abide by the confidentiality regulations, do a good job in database security protection, and prevent information from leakage. For those who deliberately or leak personal privacy information due to careless work, relevant units and personnel shall take consequence according to law.

Article 25 MSA at all levels shall strengthen the management of the red and black list administration, and shall truthfully record and save the personnel, dates, cause, content and result of the conduct of the information entry, deletion, modification, and objection, Recovery and removal processing.

Article 26 MSA at all levels shall establish a red and black list information retention system, and the retention period shall not be less than the validity of the relevant list. If the subject is included in the list because wrong operation, the relevant information will not be saved.

Article 27 MOT shall be responsible for the guidance, coordination and supervision of the management of the

SHANGHAI HIGHWOODS SHIP CO., LTD.

transportation red-black list. MSA at all levels should implement the red and black list system in various fields of the industry and report the red and black list information in a timely manner in accordance with the regulations.

Article 28 If the identification department (unit) finds that the application materials conceal the true situation or falsify in the process of objection appeal and credit Recovery, the dishonesty acts shall be recorded and shared on nationwide transportation credit platform.

Article 30 The Measures shall be interpreted by the Policy Research Office of the Ministry of Transport.

Article 31 These Measures shall come into force on the date of promulgation (Dec.2018) and shall be valid for 5 years.

Appendix: ([Agency appointment](#))

1. Transportation Credit Recovery Application
2. Unit Credit Recovery Commitment
3. Individual Credit Recovery Commitment



Scan the QR code above to add me on LinkedIn

"Maritime Supervision Regulations on Credit Management (Trial) in Jiangsu"

Article 1 These regulations apply to activities such as credit information collection, list identification, incentives and punishment, and credit management in the field of maritime supervision in Jiangsu.

Article 2 Ships and their owners, operators, managers, crew, crew service institutions, training, medical examination institutions, port operators, agencies and other water transportation units engaged in related activities in the waters under jurisdiction of Jiangsu MSA. ([Agency appointment](#))

Taicang	Nantong	Qidong	Lvsi
Dayangkou	Zhangjiagang	Changshu	Jiangyin
Changzhou	Zhenjiang	Yangzhou	Taizhou
Taixing	Yizheng	Nanjing	Dafeng
Lianyungang	Yancheng	Guanhe	Chenjiagang

SHANGHAI HIGHWOODS SHIP CO., LTD.

Article 3 Jiangsu MSA is in charge of credit management in the waters under jurisdiction of Jiangsu MSA. Each branch of Jiangsu MSA is responsible for organizing and implementing credit management in the area of maritime supervision in its jurisdiction.

※Red List: Trustworthy Joint Incentive List

※Blacklist: Joint disciplinary list for dishonesty

※Yellow List: List of Key tracking

1. "Red List" certification

- (1) Won Sea Brave Award from the International Maritime Organization
- (2) Touched the traffic individual" or "The most beautiful search and rescue individual.
- (3) Appraised by MOT as the last year's "Safety and Integrity Company" or "Safety and Integrity Ship" or "Safety and Integrity Captain"
- (4) Appraised by Yangtze River Navigation Administration as "Yangtze River Integrity Port and Shipping Enterprise" or "Integrity Ship on Yangtze River";
- (5) Appraised by Jiangsu MSA as the "Safety and Integrity Company" or "Safety and Integrity Ship" or "Safety and Integrity Captain";
- (6) The integrity model recognized by various government departments above the provincial level.

2. Identification of "Yellow List"

- (1) Refusing to perform decisions made by MSA;
- (2) Refusing to abide by the requirement of water transportation and control made by MSA;
- (3) Refusing to obey the emergency search and rescue dispatching command of MSA;
- (4) Break the lawful rights and interests of seafarers during the activities of seafarer recruitment, training, service, medical examination, etc.;
- (5) Falsification when handling of maritime business;
- (6) Violation of credit commitments in the field of maritime supervision;
- (7) General acts of dishonesty found by the Jiangsu MSA.

SHANGHAI HIGHWOODS SHIP CO., LTD.

3. Identification of "Blacklist"

- (1) During the validity of the "Yellow List", the rectification was not completed as required;
- (2) Within the validity of the "Yellow List", untrustworthy behavior occurs again;
- (3) Being included in the "black list" recognized by the government at or above the provincial level;
- (4) Key tracking ships and key tracking shipping companies chosen by MSA;
- (5) Shipping companies and ships included in the "black list" of the Yangtze River Navigation Administration;
- (6) Serious acts of dishonesty defined by Jiangsu MSA.

Article 4 According to Annex 1 of the Regulations "Catalogue of Serious dishonesty ([2020 Edition](#))", the following behaviors are considered as serious dishonesty.

1. Escape after causing a water traffic accident;
2. Intentional concealment, obscuration, alteration of ship name, home port, load line and other signs;
3. Intentionally failing to install or turn on AIS as required;
4. Inland river vessels illegally participate in sea transportation;
5. Vessels carrying dangerous goods and pollution-hazardous goods concealed or falsely reported when entering or leaving the port;
6. Illegally engaged in STS operation for dangerous bulk liquid cargoes and water pollutants;
7. Uncertified ships boats engaging in illegal water activities;
8. Ship's captains and senior crew members do not hold the certificate of competency;
9. Intentionally damaging or manipulating important equipment and facilities on board, resulting in dangerous situations and accidents;
10. Failure to carry out self-examination before sailing according to regulations and resulting in loss of control and accidents;
11. Escaping maritime Tariff and reach a large amount;
12. Engage in illegal activities in the name of MSA;
13. Transfer of benefits to MSA officers, causing their corrupted

SHANGHAI HIGHWOODS SHIP CO., LTD.

or misbehaving.

If the company is instructed to commit the above-mentioned serious dishonest behavior, the company and the specific actors shall be included in the "blacklist".

Article 5 Rules for inter-convert among the lists

i. If the credit body is included in the "black list" and "yellow list", it will no longer be included in the "red list"!

ii. If the credit body is included in the "black list", it will no longer be included in the "yellow list"!

iii. The crew's credit recognition is generally not affected by the ship's or company's credit recognition, except that the ship's or company's credit recognition is directly caused by the crew's behavior.

Article 6 Incentives and penalties ([Protection agency](#))

1. Incentives for the credit body in "Red List"

※	Incentives from MSA
1	Perform inspections as per the statutory minimum spot check ratio and frequency
2	Within the legal processing time limit, the processing time is shortened by 50%
3	"Tolerance handling" for the applied items
4	Prioritize transportation
5	Priority in arranging crew examinations;
6	Give priority to the implementation of the "direct departure and direct berthing"
7	Prioritize the application of other facilitation measures promoted by MSA;
8	Give priority to recommend honorary titles or other awards in maritime assessment.
※	Joint incentives
	Prioritize anchoring
	Priority arrangements for berthing and cargo operations
	Prioritize piloting
	Recommend the cargo owner to choose the cargo with priority
	Other convenience measures

2. "Blacklist" disciplinary measures

※	Punishment at MSA
1	Checking each arrival of the dishonesty ships
2	Ships owned, operated or managed by untrustworthy enterprises must be

SHANGHAI HIGHWOODS SHIP CO., LTD.

	inspected for each arrival in the ports under the jurisdiction of Jiangsu MSA.
3	Do not accept online applications for MSA permit, filing, confirmation, etc.;
4	Strictly enforce administrative penalties;
5	Restricting in relevant activities until the relevant qualifications are revoked
6	Other punishment measures made by Jiangsu MSA.
※	Industry-level punishment
1	Restrict cargo operations at ports and terminals
2	Remind of cargo owners by carefully choose their service
3	Warnings, industry reports, criticisms, public condemnations, disapproval, dissuasion
4	Other punishment measures
※	Market discipline
	MSA pushes the blacklist to market supervisor, financial supervisor and other departments and units to implement market-based constraints and punishment.
※	Social restraint
	MSA submits the blacklist to the nationwide transportation credit platform and form a record of serious untrustworthy information on its legal representative or main person in charge and actual controller.
※	Joint disciplinary action in the court system
	MSA establishes a joint disciplinary mechanism with the maritime courts and local people's courts to punish credit bodies who have been included in the "blacklist"

3."Yellow List" Supervisory Measures

For the credit bodies listed in the "yellow list", MSA shall list them as the key tracking objects of supervision and inspection, and increase the proportion and frequency of spot checks of administrative inspections.

Article 7 MSA encourages administrative counterparts to provide credit rating reports issued by public credit service agencies and third-party credit service agencies. For the administrative counterparts to make credit commitments, MSA can implement convenient measures such as "green channel" and "tolerance application" according to the actual situation. MSA can optimize the approval process according to law for matters that are handled by administrative

SHANGHAI HIGHWOODS SHIP CO., LTD.

counterparts with high credit evaluation. MSA can obtain the credit review report of the credit body from the public credit information center. In response to the application of the relevant unit or organization, MSA may issue credit records of credit bodies in the field of maritime supervision according to law.

Article 8 Before publishing the "red list" and "black list", Jiangsu MSA shall publish it on the website. The publish period is 10 working days. If the involved parties have objections to the credit list information, they have the right to make statements and defenses, which are subject to verification and processing by Jiangsu MSA. After receiving the objection application, Jiangsu MSA completes the verification within 15 working days and informs the applicant of the verification result in time. The subject of untrustworthiness has been 6 months from the date of being included in the "black list", and has fulfilled its relevant obligations, completed the rectification requirements, and can apply for credit restoration to MSA where the untrustworthiness was confirmed (Annex 2). Key tracking ships and key tracking shipping companies have been included in the "black list" can apply for credit recovery after completing the rectification by submitting application to MOT for obtaining approval. The local MSA shall complete the verification of the rectification situation within 30 days and promptly notify the results of the credit recovery process.

Any conditions listed hereunder cannot apply for recovery

- (1) Less than one year from the last credit recovery;
- (2) The credit recovery has been accumulated twice or more within 3 years.

Appendix

1. Release period

In principle, Jiangsu MSA publishes the credit list once a quarter, and can release it any time necessary.

2. List validity

The validity of the "red list" and "black list" is determined and made by the Jiangsu MSA. In principle, it is one year, and generally no more than three years. If the circumstances of

SHANGHAI HIGHWOODS SHIP CO., LTD.

dishonesty are particularly serious, the validity of the "blacklist" can be extended for another 1-2 years.

3. Dynamic adjustment

Jiangsu MSA dynamically adjusts the general dishonesty and serious dishonesty listed in Chapter 2 of these regulations by public notice



Scan the QR code above to add me on LinkedIn

SHANGHAI HIGHWOODS SHIP CO., LTD.