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Japan's Compensation System for Nuclear Damage

As Related to the TEPCO Fukushima Daiichi Nuclear Accident

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NUCLEAR ENERGY AGENCY
ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

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The NEA Data Bank provides nuclear data and computer program services for participating countries. In these and related tasks, the NEA works in close collaboration with the International Atomic Energy Agency in Vienna, with which it has a Co-operation Agreement, as well as with other international organisations in the nuclear field.

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Foreword

The Great East Japan Earthquake struck north eastern Japan on 11 March 2011, some 370 kilometres northeast of Tokyo. The magnitude 9.0 earthquake and ensuing tsunami caused widespread devastation, the confirmed loss of nearly 16 000 lives with almost 3 000 missing, and disruption of the local infrastructure. The earthquake and tsunami also triggered the accident at the Fukushima Daiichi nuclear power plant site operated by the Tokyo Electric Power Company (TEPCO). Damage to the reactor units at the site resulted in the release of radiation and the Japanese government's decision to order an evacuation and to establish restrictions on habitation of the area within 20 kilometres of the plant.

Besides ensuring the long-term safety of the Fukushima Daiichi site, a major focus of the Japanese government has been to ensure the proper and efficient compensation of the victims of the nuclear accident. In addition to the framework established by the Japanese Act on Compensation for Nuclear Damage (originally enacted in 1961), Japan has adopted further legislation and guidance and has implemented mechanisms designed to facilitate the implementation of the compensation scheme. As of late October 2012 approximately JPY 1 333.5 billion has been paid in compensation for damages attributable to the accident. Although Japan does not presently adhere to one of the international nuclear liability conventions, its legislation is compatible with the guiding principles of the international third party nuclear liability regime, with the particularity that it is one of the few countries that has opted for the unlimited liability of the operator.

As for the safety and emergency management issues that have arisen following the TEPCO Fukushima Daiichi accident, the international community is highly interested in Japan's experience with establishing and implementing its compensation scheme for victims of the accident. For example, the Nuclear Law Committee of the OECD Nuclear Energy Agency (NEA) received briefings from the Japanese delegation at its meetings in 2011 and 2012 on the structure of the liability and compensation system and the Japanese experience with its implementation. Given this interest, the NEA Secretariat in co-operation with the permanent Delegation of Japan to the OECD decided to prepare this special publication.

The purpose of this publication is to gather in one volume the English translations of the major statutes, ordinances and guidelines issued in Japan for the establishment and implementation of the compensation scheme in response to the TEPCO Fukushima Daiichi accident. This publication also includes several commentaries by Japanese experts in the field of third party nuclear liability who are currently actively involved in the implementation of the compensation scheme. Every effort has been made to ensure the accuracy of the translations; they do not, however, have legal force and only the original Japanese texts are authoritative.

The goal of the NEA in the nuclear law area is to help create sound national and international legal regimes required for the peaceful uses of nuclear energy, including international trade in nuclear materials and equipment, to address issues of liability and compensation for nuclear damage, and to serve as a centre for nuclear law information and education. This publication should foster that objective and provide insights for national authorities and legal experts as they reflect on potential improvements in their national regimes and in the international framework for nuclear liability.

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The NEA Secretariat is thankful for the participation of Dr. Toyohiro Nomura, J.S.D., Professor, Gakushuin University and member of the Dispute Reconciliation Committee for Nuclear Damage Compensation; Mr. Shigekazu Matsuura, Director for Nuclear Liability, Deputy Director of Nuclear Liability Office, Research and Development Bureau, Japanese Ministry of Education, Culture, Sports, Science and Technology (MEXT); Mr. Yasufumi Takahashi, Councillor, Nuclear Power Plant Accidents Economic Response Office, Cabinet Secretariat, Government of Japan; Mr. Chihiro Takenaka, Nuclear Legal Unit Chief, Atomic Energy Division, Research and Development Bureau, MEXT; and Mr. Taro Hokugo, Project Researcher, Policy Alternatives Research Institute of the University of Tokyo; who contributed the commentaries that accompany the legal texts published herein. The NEA is also grateful for the support of the permanent Delegation of Japan to the OECD in co-ordinating the compilation of texts and commentaries in this publication. In particular, it wishes to acknowledge the substantial contribution of Mr. Toshihiko Kamada, formerly First Secretary (Science and Technology Advisor) at the Japanese Delegation, and his successor Mr. Hiroyuki Kamai, in assisting the NEA Secretariat in this effort.

Reader's note

The reader is warned that the texts included in this publication are unofficial translations. Only the original Japanese texts of laws and regulations have legal effect, and translations are to be used solely as reference material to aid in the understanding of Japanese laws and regulations.

Furthermore, readers should be aware that an "In-house Evacuation Area", as determined by instructions of the Japanese government, means an area situated between 20 and 30 km around the TEPCO Fukushima Daiichi and Daini nuclear power plants and where people were required to take shelter indoors. For this reason, references to such area may also be found under the names of "Take Shelter Area" or "Indoor Sheltering Area", depending on the translations.

The designation of this area was lifted on 22 April 2011, and was then replaced with either "Evacuation-Prepared Areas in case of Emergency" or "Deliberate Evacuation Areas", as defined hereinafter in the Guidelines.

Similarly, depending on the translations, "Evacuation Recommendation Spots" (which are specific sites, identified from 30 June 2011 onwards, where a cumulative dose over a one-year period after the accident exceeds 20 mSv – see Maps 1, 2 and 3, pp. 49-51) may also be referred to as "Specific Spots recommended for Evacuation".

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The Japanese nuclear liability regime in the context of the international nuclear liability principles

By Ximena Vásquez-Maignan*

Even after the accident which occurred on 11 March 2011 at the Fukushima Daiichi nuclear power plant operated by Tokyo Electric Power Company ("TEPCO"), Japan remains one of the major countries with a nuclear power programme, with 50 operational reactors, exceeded only by the United States (104) and France (58).[1] However, the Japanese net nuclear electricity production (156 182.13 GWh for 2011) only accounts for an 18.14% share of the total national electricity production.

Japan launched its civilian nuclear power programme in 1960, with the construction of the Japan Power Demonstration Reactor (JPDR), a boiling water reactor with a design net capacity of 10 MWe. It ran from March 1963 to March 1976. In parallel, the legal framework to address the consequences of a nuclear incident at a nuclear facility, or during the transport, storage and disposal of nuclear fuel or nuclear material, was under discussion. In 1961, Japan enacted two laws with the purpose to "protect persons suffering from nuclear damage and to contribute to the sound development of the nuclear industry by establishing the basis system regarding compensation in case of a nuclear damage caused by reactor operation"[2]: the Act on Compensation for Nuclear Damage ("Compensation Act") and the Act on Indemnity Agreements for Compensation of Nuclear Damage ("Indemnity Agreements Act"), which form the basis of the Japanese nuclear liability regime.

Since the beginning of the development of nuclear power reactors, in the 1950s, governments realised that ordinary common law was not appropriate to address the risks involved with this new energy source. Even though no major civil nuclear accident with offsite consequences occurred until 1986 at Chernobyl, governments were already aware that in case of a major nuclear accident involving a large scale emission of ionising radiation, there could be widespread and extremely detrimental effects on human health, public and private property, the environment and the economy. Furthermore, the public had in mind the consequences of the atomic bombings of the cities of Hiroshima and Nagasaki in Japan, and it was necessary to address fear of the potential impact of an accident in order to foster public acceptance. A special liability regime was seen therefore important to ensure smooth and adequate financial compensation to the persons who suffer damage caused by a nuclear accident, and in general to reconcile the interests of the different stakeholders involved in the development of nuclear power, such as the operators, the suppliers, the insurers and, most of all, the public. In the late 1950s and early 1960s, nuclear third party liability and compensation regimes were adopted at both national (*e.g.* the United States Price-Anderson Act which became law on 2 September 1957) and international levels. As regards the latter,

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1. For an overview of the nuclear power generating States, see Table 1, p. 52 herein.
2. Compensation Act, Section 1.

considering that a nuclear accident may cause damage beyond the political or geographical borders of the State where the nuclear accident occurred, it was necessary to establish treaty relations between the nuclear power State and its neighbours in order to ensure that victims in such neighbouring countries would also be efficiently and adequately compensated, including by facilitating the bringing of actions and the enforcement of judgements relating to nuclear damage compensation. The international nuclear liability regime is based on the following conventions:

- the 1960 Paris Convention on Third Party Liability in the Field of Nuclear Energy ("Paris Convention")[3] in force since 1 April 1968: 16 contracting parties to date;
- the 1963 Vienna Convention on Civil Liability for Nuclear Damage ("Vienna Convention")[4] in force since 12 November 1977: 38 parties and 13 signatories to date; and
- the 1997 Convention on Supplementary Compensation for Nuclear Damage ("CSC")[5] (not yet in force): 4 contracting States and 15 signatories to date.

All three conventions establish similar nuclear liability regimes to deal with the risks associated with nuclear activities. These conventions contain basic principles which are internationally accepted and usually transposed into national legislations, whether the concerned State has or not adhered to one of the conventions:

▪ Strict liability

The operator of a nuclear installation is strictly liable for damages to third parties resulting from a nuclear incident occurring at its installation or during the course of transport of nuclear substance to/from that installation (which means that the operator is held liable regardless of fault, negligence or intention to harm).

▪ Exclusive liability (legal channelling)

The operator of a nuclear installation is exclusively liable for damages suffered by third parties resulting from a nuclear incident occurring at its installation or during the course of transport of nuclear substance to/from that installation (i.e. no other person may be held liable for the damages caused by the nuclear incident as all liability for damage suffered by third parties are "channelled" directly to such operator).

▪ Limitation of liability in amount

Unlike ordinary tort law rules where there is no limit to the compensation amounts payable, the international conventions originally provided for a maximum amount of liability to be borne by the operator of a nuclear installation. However, several States, such as Germany, Switzerland and Japan, have adopted unlimited liability; and the international nuclear liability conventions provide for a minimum liability amount allowing States to adopt unlimited liability at their option.[6]

▪ Compulsory financial security

The operator of a nuclear installation must financially secure its liability in order to ensure that, in case of a nuclear incident, funds will actually be available to pay the

3. For more information, see http://www.oecd-nea.org/law/paris-convention.html.
4. For more information, see www.iaea.org/Publications/Documents/Conventions/liability.html.
5. For more information, see www.iaea.org/Publications/Documents/Conventions/supcomp.html.
6. It should be noted that the Paris Convention in its current version provides for a maximum amount, but that such cap has been deleted by the 2004 Protocol to amend the Paris Convention, not yet in force ("2004 Protocol").

victims' claims for compensation. In most cases, the security is provided by the private insurance market, although it may take other forms approved by the State where the nuclear installation is situated.

- Limitation of liability in time

As health related damages caused by the emission of ionising radiation may not be perceptible for a certain time after the nuclear incident occurred, the legal period during which an action may be brought is a matter of great importance for the victims. With time, the international nuclear liability conventions have extended such period to the benefit of the victims of an accident.

The conventions also incorporate two additional principles which are designed to address the complexities raised by the transboundary scope of nuclear damage and the institution of cross-border compensation claims:

- Jurisdiction

Jurisdiction over nuclear damage claims lies only with the courts of the State in whose territory the incident has occurred.

- Applicable law and equal treatment

The courts having jurisdiction will apply the relevant convention (if the State has adhered to one of them) and their own national law or national legislation over claims arising out of a nuclear incident, and that law or legislation shall apply to all matters both substantive and procedural, without any discrimination based upon nationality, domicile or residence.

Even though Japan is not a party to any of the international nuclear liability conventions,[7] it has a solid national third party liability legislation of which the main principles may be summarised as follows in the perspective of the TEPCO Fukushima Daiichi nuclear power plant accident ("the accident"):[8]

- The operator of the Fukushima Daiichi nuclear power plant, TEPCO, is strictly and exclusively liable.
- TEPCO's liability is unlimited.
- With regard to the Fukushima Daiichi nuclear power plant, TEPCO is obliged to financially secure its liability up to JPY 120 billion with private insurers, and TEPCO signed with the Japanese government an indemnity agreement by which the latter agrees to cover those risks which are not insurable with the private sector (such as earthquakes and tsunamis) up to JPY 120 billion.
- All rights of action are fully extinguished 20 years following the date of the tort and the actions must be brought within three years from the date at which the person suffering damage had knowledge both of the damage and of the person liable.
- The victims may refer their claims directly to the operator concerned, to a local court or to the Dispute Reconciliation Committee for Nuclear Damage Compensation ("Reconciliation Committee").

Although the accident did not claim any lives, it led to the evacuation of a great number of people (71 124 were evacuated as of 11 February 2011 according to the Japanese Fire and Disaster Management Agency), the establishment of marine exclusion

7. For the status of ratification of the nuclear liability conventions by the nuclear power generating States, see Table 2, p. 53 herein.
8. For more details, see article on "Japan's nuclear liability system", p. 15 herein.

zones, and the issuance of shipping and planting restrictions; all of which had an overwhelming impact on the population and the economy. The effectiveness of the Japanese nuclear liability regime was therefore tested in depth.

One can only be impressed by the efficiency with which the Japanese government tried to address the needs of the victims and the economy.

"Emergency preparedness and response" usually refers to nuclear safety and security capabilities and arrangements to respond to and mitigate the consequences of an accident; however, this accident has demonstrated that any State with nuclear installations needs also to be duly prepared to deal with the legal consequences of a nuclear accident. In a time of crisis, it is important for all the concerned parties to know what to do and, to a certain extent, how. The accident showed that the nuclear liability principles that were transposed into the Japanese nuclear liability regime allowed the concerned parties to set up, in time of emergency, the basic procedures required to compensate the victims from the damages incurred due to the accident.

First, the strict and exclusive liability of the operator allowed the victims to immediately identify the entity, i.e. TEPCO, that would be legally liable to compensate all nuclear damage they suffered due to the accident.

Second, the Compensation Act provided for a mechanism to help operators to efficiently and voluntarily settle disputes over compensation of nuclear damage: one of the tasks of the Reconciliation Committee is to issue guidelines to determine the scope of the nuclear damage.[9] Even though such guidelines are not legally binding, they can be considered as recommendations issued by an independent and objective third party which can nevertheless be persuasive influence the judges as the victims and the operator may invoke them before the courts. The Reconciliation Committee has been efficient in issuing guidelines in a fairly short time frame (between 28 April 2011 and 16 March 2012), thereby allowing for a great number of applications for nuclear damage compensation to be settled. As of 25 October 2012,[10] TEPCO had received[11] approximately 257 000 applications from individuals and 116 000 applications from corporations and sole proprietors, out of which approximately 206 000 and 92 000 cases respectively have been voluntarily settled. After the criticality accident which occurred at the facility operated by the Japan Nuclear Fuels Conversion Company in Tokaimura,[12] only two cases were submitted to the Reconciliation Committee as all other disputes were settled voluntarily.

Third, the Compensation Act, which provides for an unlimited liability of the operator, had already envisaged the case in which the latter would not be able to cope alone with all the nuclear compensation payments. Its Section 16 provides that "Where nuclear damage occurs, the Government shall give a nuclear operator […] such aid as is required for him to compensate the damage, when the actual amount which he should pay for the nuclear damage […] exceeds the financial security amount and when the Government deems it necessary in order to attain the objectives of this Act." Such aid will nevertheless require the previous approval of the National Diet. Because of the extent of

9. For more details, see article on "The current progress of relief of victims of nuclear damage caused by the Fukushima Daiichi nuclear power plant accident", p. 29 herein.
10. Source: TEPCO's "Records of Applications and Payouts for Indemnification of Nuclear Damage" as of 26 October 2012.
11. Excluding claims for voluntary evacuation.
12. The accident at the nuclear fuel processing facility at Tokaimura, Japan, on 30 September 1999 did not involve widespread contamination of the environment as in the 1986 Chernobyl accident. Although there was little risk off the site once the accident had been brought under control, the authorities evacuated the population living within a few hundred metres and advised people within about 10 km of the facility to take shelter for a period of about one day. It was nevertheless a serious industrial accident. See *Report on the Preliminary Fact Finding Mission Following the Accident at the Nuclear Fuel Processing Facility in Tokaimura, Japan*, IAEA, Vienna, 1999.

compensation amounts to be paid by TEPCO, the Japanese government implemented a series of means to allow the operator to cope with its obligations towards the victims of the accident:

- As of September 2011, the government started making provisional payments[13] directly to the victims under certain conditions, as an emergency measure. In order to recover the amounts paid, the government acquired such victims' right to claim compensation to TEPCO up to the amount they received from the government as provisional payment.
- In September 2011, the Nuclear Damage Compensation Facilitation Corporation[14] was set up to provide, under certain conditions, financial support to any nuclear operator which would face nuclear damage compensation obligations beyond JPY 120 billion.
- As of 31 July 2012, TEPCO is placed under temporary state control. The Nuclear Damage Compensation Facilitation Corporation, which is 50% owned by the Japanese government, became TEPCO's largest and controlling shareholder after acquiring for JPY 1 trillion of preferred shares.

The accident demonstrated that a State with nuclear installations needs to be prepared by establishing a clear and comprehensive legal framework to deal with the compensation due to the victims of a nuclear accident. However, it is also important that the legal framework allows the government and the operator to quickly adapt to the specific needs of the nuclear accident.

There are lessons to be learnt from TEPCO's experience of handling the compensation claims following the accident. The first application for Compensation Request Forms prepared by the operator, was not only extremely lengthy (according to the press, TEPCO issued a 160-page brochure that explained how to complete the form, which itself was 60-page long) but it also required victims to provide the necessary supporting documents, such as certificate of residence, receipts attesting expenses or documents attesting past income with regard to business activities; a condition which was impossible to meet for most evacuees, especially those who had to escape areas devastated by the earthquake and tsunami. After serious criticism from the government and the public, TEPCO had to review the forms and its claim compensation procedure. And it did so several times, trying to adapt to the evolution of the evacuation areas[15] and the guidelines issued from time to time by the Reconciliation Committee, and to fulfil its "five promises for the empathy-based compensation":

- Ensure a speedy and appropriate payment of compensation.
- Handle payments promptly with consideration.
- Give due attention to reconciliation proposals submitted by the Reconciliation Committee.
- Simplify paperwork procedures.
- Take action in order to address the public's requests.

In September 2012, TEPCO issued the latest versions of application forms for individuals,[16] and for business entities and sole proprietors.[17]

13. For more details, see paragraph III.2 of the article on "The current progress of relief of victims of nuclear damage caused by the Fukushima Daiichi nuclear power plant accident", p. 29 herein.
14. For more details, see article on "The financial support by the Nuclear Damage Compensation Facilitation Corporation", p. 41 herein.
15. For an overview of the evolution of the restricted areas, see Maps 1, 2 and 3, pp. 49-51 herein.
16. www.tepco.co.jp/en/press/corp-com/release/2012/1221987_1870.html.
17. www.tepco.co.jp/en/press/corp-com/release/2012/1221990_1870.html.

Finally, there will be different matters to be further analysed. For example, the fact that victims may, at their own discretion, either individually or as part of a group, file a claim against the operator relating to nuclear damage compensation matters (i) directly to the operator, (ii) before the Reconciliation Committee, or (iii) before the civil courts. The Japanese legislation does not provide for these claims to be submitted to a single competent court; any civil court is duly competent to receive claims arising out of the same nuclear incident. Therefore, there could be contradictory civil court decisions on the same matter, and it will be necessary to lodge an appeal against those decisions up to the Supreme Court; the principles which will be applied by the latter in its decisions will be binding upon all lower courts, resulting in a uniform interpretation and implementation of the law. It is interesting to note that, unlike the original Paris Convention and Vienna Convention, their revised versions (i.e. 1997 Protocol to amend the Vienna Convention and the 2004 Protocol) provide that a single court shall be designated by the relevant State to hear all claims arising out of a nuclear accident. For example, Article 13 of the Paris Convention, as amended by the 2004 Protocol, provides that "the Contracting Party whose courts have jurisdiction under this Convention shall ensure that only one of its courts shall be competent to rule on compensation for nuclear damage arising from any one nuclear incident, the criteria for such selection being determined by the national legislation of such Contracting Party".

In time and with the necessary hindsight, the Japanese government and the international community will be able to further assess the legal implications and handling of the accident in order to determine the improvements that should be made to the nuclear liability regimes, whether at the national or at the international level. Such investigation will need to take into account the practical matters (such as the claims handling procedures) that are required to implement such regimes and thereby to ensure their efficiency and to meet their purpose: to protect the victims of a nuclear accident by efficiently providing adequate compensation.

Japan's nuclear liability system

By Toyohiro Nomura, Taro Hokugo, Chihiro Takenaka*

I. The nuclear liability system

1. Overview of the system

In 1961, Japan enacted two acts regarding nuclear liability: the Act on Compensation for Nuclear Damage ("Compensation Act") and the Act on Indemnity Agreements for Compensation of Nuclear Damage ("Indemnity Agreements Act"). Japan's nuclear liability system is centred on these two acts. The system has been reviewed approximately every ten years, with revisions such as increases to the financial security amounts, but the basic content of the system has generally been upheld since its establishment.

(1) Overview of the Compensation Act

The Compensation Act is aimed at contributing to the protection of victims, and the sound development of the nuclear-related industry, by defining a basic system for compensation in cases where nuclear damage occurs due to operation of a nuclear reactor or the like. As well as establishing special rules with relation to nuclear liability that are to be applied with precedence over the provisions on general tort liability in the Civil Code, it sets out a framework mainly designed for the smooth implementation of compensation. The provisions and the interpretation doctrines on general tort liability in the Civil Code apply to the matters to which this act does not specifically refer, such as the terms of the extinction of rights to claim and the approaches to determine the scope of liability. The outline of its content is as follows:

A. "Nuclear damage" is defined as any damage caused by the effects of the process of nuclear fission of nuclear fuel material, or by the radiation effects or toxic effects of nuclear fuel materials and the like.

B. Tort liability for nuclear damage arising due to the operation of a nuclear reactor etc. is to be borne by the nuclear operator licensed for said operation, regardless of whether or not it was wilful or negligent, and no other party is to be liable for nuclear damage. No limit is set for the compensation liability amounts (no-fault liability, channelled liability, unlimited liability). It is also stated that a nuclear operator is exempted from liability for compensation when the nuclear damage occurs due to a grave natural disaster of an exceptional character or an insurrection.

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C. Nuclear operators have a duty to secure funds up to the financial security amount to allocate to the compensation of nuclear damage. Specifically, nuclear operators must take one of the measures listed below as a financial security, and have it approved by the Minister of Education, Culture, Sports, Science and Technology ("MEXT"):

(i) Conclude a liability insurance contract for nuclear damage with insurance companies (a "private liability insurance contract") and an indemnity agreement for compensation of nuclear liability with the government (a "government indemnity agreement").

(ii) Offer a deposit of money for the compensation of nuclear damage.

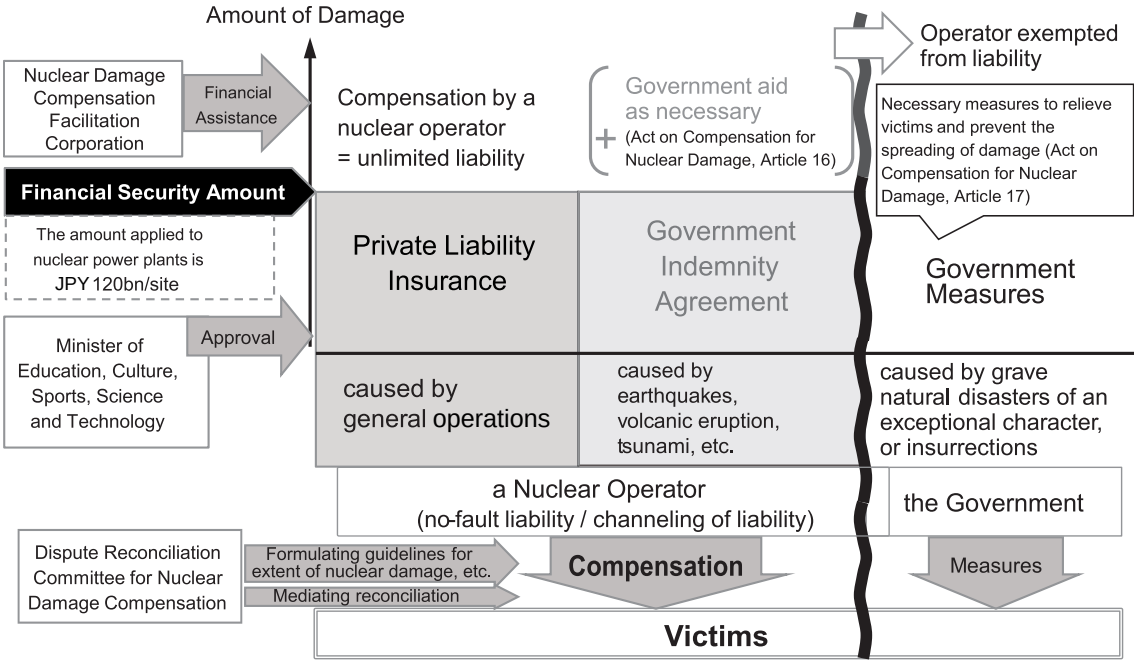
(iii) Other measures equivalent to the above.

D. It is stated that the government should assist the nuclear operator in case the amount requiring compensation exceeds the financial security amount and the necessity is recognised in light of the purposes of this act. In case the nuclear operator is exempted from liability because nuclear damage arises due to a grave natural disaster of an exceptional character or due to an insurrection, it is stated that the government should take the necessary measures to aid the victims and to prevent the damage from increasing.

E. It is stated that the Dispute Reconciliation Committee for Nuclear Damage Compensation can be established, if required, and is to mediate reconciliation of any dispute arising from the compensation process of nuclear damage and to formulate the guidelines regarding the scope of the nuclear operator's liability for nuclear damage, etc.

(2) Overview of the Indemnity Agreements Act

The Indemnity Agreements Act gives the government the authority to conclude government indemnity agreements with nuclear operators, whereby, in exchange for regular payment of indemnity fees, the government promises to compensate the contracting nuclear operator for any losses it incurs through providing compensation for nuclear damage which is not covered by private liability insurance contracts. Additionally, the act sets out the requisite framework of procedures etc. for making the indemnity payments.



2. Liability of nuclear operators

(1) Section 2.2 of the Compensation Act defines "nuclear damage" as being damage "caused by the effects of the fission process of nuclear fuel, or of the radiation from nuclear fuel, etc., or of the toxic nature of such materials". This "nuclear damage" is what is covered by the nuclear liability system.

(2) The main clause of Section 3.1 of the Compensation Act provides that "Where nuclear damage is caused as a result of reactor operation etc. during such operation, the nuclear operator who is engaged in the reactor operation etc. on this occasion shall be liable for the damage". This statement imposes no-fault liability on the nuclear operator. However, the nuclear operator is exempted if the damage occurs due to a "grave natural disaster of an exceptional character" or "an insurrection" such as an armed attack from a foreign country or a civil war (proviso to Section 3.1).

(3) Section 4.1 of the Compensation Act negates any compensation liability for nuclear damage caused by the operation of a nuclear reactor etc. of any party other than the nuclear operator that is liable for said nuclear damage based on the main clause of Section 3.1. This achieves liability channelling, with the nuclear operator alone bearing liability for nuclear damage compensation.

(4) The compensation liability amount of a nuclear operator is uncapped, which means the operator bears unlimited liability.

(5) The range of compensation liability to be attributed to a nuclear operator is not particularly defined other than by the definition of "nuclear damage" in the Compensation Act, so that Article 709 of the Civil Code, which provides general tort liability, and its standard interpretations apply. Thus, a nuclear operator is liable for the damage within the range for which one can recognise a reasonable causation from "the effects of the fission process of nuclear fuel, or of the radiation from nuclear fuel, etc., or of the toxic nature of such materials" resulting from said nuclear operator's operation of the nuclear reactor etc. Also, as there are no stipulated conversion rules for the burden of proof with regard to proving this reasonable causation, the victims' side bears the burden of proof in accordance with the principles of general tort liability.

(6) If the amounts for which the nuclear operator bears compensation liability exceed the financial security amount, Section 16.1 states that the government should provide the nuclear operator with the assistance required to make compensation for the damage if it is recognised that this is necessary to achieve the purposes of the Compensation Act. This stipulation, which is by nature a discretionary provision, does not directly impose a duty on the government to provide assistance, but the government has explained in past Diet deliberations that it would provide this assistance whenever it was recognised as being necessary.

The enactment of the Nuclear Damage Compensation Facilitation Corporation Act ("Corporation Act") and the establishment of the Nuclear Damage Compensation Facilitation Corporation based on said act, in which the government set up a system to provide assistance to the nuclear operators after the accident at TEPCO's Fukushima Daiichi nuclear power plant, can be viewed as measures to translate the support policy based on Section 16 of the Compensation Act into action for the nuclear operators operating commercial nuclear reactors and the commercial reprocessing facility.

On the other hand, if the government had not taken these measures, the nuclear operator in charge could have fallen into a bankruptcy in which legal liquidation is assumed to be extremely difficult from a practical standpoint, because of the great number and the successive occurrence over a long period of time of nuclear damage claims from victims. In addition, under the current laws, in bankruptcy proceedings the rights to claim for nuclear damage are ranked equal to other general creditors' claims and are also ranked subordinate to claims with general priorities such as the secured bonds issued by TEPCO, so that the reimbursement of compensation to the victims would not be given priority.

(7) No clear standards have been established regarding what specific kind of situation would qualify for exemption due to "grave natural disaster of an exceptional character", but it is interpreted that this exemption means that even if it exceeds the scale of disaster that operators should specifically envisage to prevent damage under the fault liability principle, this exemption will not apply unless it is evidently a case where it is totally inappropriate to make nuclear operators bear compensation liability. Even in the Diet deliberations when the acts were submitted in 1961, it was explained that the exemption was not equivalent to that for a simple "act of God" but could be expressed as a "super-act of God" or "situations that are completely beyond all imagination". In the light of such points, the government has expressed a view that "a grave natural disaster of an exceptional character" is restricted to situations that are beyond all imagination, which have never been experienced by mankind in history, and that in consideration of the scale (magnitude) of the earthquakes and the run-up height of tsunami in the disasters that have previously occurred in the world, the 2011 Great East Japan Earthquake and the tsunami that occurred in conjunction with it ("the 2011 disaster") do not qualify on this basis.[1] Therefore, based on the premise that TEPCO, the nuclear operator in charge, would not be exempted, the government is taking steps to move forward with TEPCO's compensation for victims such as indemnity payments based on indemnity agreements (Compensation Act, Section 10), assistance needed for the nuclear operators to pay damage compensation (Compensation Act, Section 16), and so on.

The nuclear operators' liability under Section 3.1 of the Compensation Act is a civil liability, and if disputes arise in specific cases regarding whether or not there is liability for compensation or the scope thereof, etc., a court should make the final judgement and decision based on the evidence and assertions of the parties. However, under the nuclear liability system, most government measures aimed at helping the victims cannot proceed without being based on a fixed premise on whether or not the nuclear operator is liable. Because of this, the government has made administrative judgements, without legally binding power, concerning the applicability of exemption in accordance with the proviso to Section 3.1 of the Compensation Act, and is pushing forward with the procedures on that basis.

According to the text, it is natural to interpret the character of this exemption under the proviso to Section 3.1 of the Compensation Act not as a cause for claim but as grounds for defence, and in consequence it is interpreted that the burden of proof of being exempt is on the nuclear operator in charge rather than on the victims. It is also unreasonable to impose this burden of proof on victims from the viewpoint of the necessity of making smooth and prompt compensation to the victims.

(8) The terms of extinction of rights to claim for the compensation of nuclear damage are not particularly defined in the Compensation Act, so that Article 724 of the Civil Code, which provides the terms of extinction of rights to claim for general tort liability, and its standard interpretations apply. Thus, the right to demand compensation for nuclear damages "shall be extinguished by the operation of law if it is not exercised by the victim or his/her legal representative within three years from the time when he/she comes to know of the damage and the identity of the perpetrator", or when "twenty years have elapsed from the time of the tortuous act". Since this term of "twenty years" after the time of the tortuous act is shorter than the term of 30 years from the date of the nuclear incident for the loss of life and personal injury provided in the Protocol to Amend the 1963 Vienna Convention on Civil Liability for Nuclear Damage of 1997, an extension of this term had been examined in order to protect the victims of late radiation injuries. However, the conclusion of the examination was that this term of twenty years would not substantially bar the claims of such victims, because in recent cases the Supreme

1. For a comparative overview of the scale of the world greatest earthquakes and tsunami, see Table 3, p. 54 herein.

Court has ruled that for damage which, by its nature, arises after the elapse of a long period of time from the time of its causal tortuous act, this term is to start from the time when such damage materialises (3rd Petty Bench, 2004 April 27, Supreme Court Reports (civil cases) 58·4·1032 / 2nd Petty Bench, 2004 October 15, Supreme Court Reports (civil cases) 58·7·1802 / 2nd Petty Bench, 2006 June 16, Supreme Court Reports (civil cases) 60·5·1997), and the special extended term for extinctive prescription was not introduced into the nuclear liability system.

3. Financial security

(1) System framework

To ensure that the nuclear operators secure the basic funds for the smooth implementation of compensation for nuclear damage, Section 6 of the Compensation Act provides that a nuclear operator is prohibited from undertaking reactor operation etc. unless it has provided financial security for the compensation of nuclear damage. Section 7.1 of the Compensation Act provides that this financial security must be one of the following measures which was approved in advance by the MEXT:

(i) The conclusion of a private liability insurance contract with a private insurance company and the conclusion of an indemnity agreement with the government, either of which meets the financial security amount.

(ii) A deposit of money meeting the financial security amount.

(iii) Measures equivalent to (i) and (ii).

There are no express provisions concerning the requirements for measures equivalent to (i) and (ii), but these might be a government guarantee, bank guarantee, or combinations of these measures, the set of a private liability insurance contract and a government indemnity agreement and a deposit of money.

The financial security amount for specific types of nuclear operation etc. is designated within the range under JPY 120 billion in the cabinet order, which specifies JPY 120 billion per site for reactor installations whose thermal output exceeds 10 000 kilowatts, and consequently, all the nuclear power plants in Japan fall in this category. The financial security amount has been raised as far as possible in each review of the nuclear liability system, approximately every ten years, in light of factors such as the growth of the insurance market's underwriting ability. The current level of JPY 120 billion was raised from the previous level of JPY 60 billion at the time of the 2009 revision of the Compensation Act.

Private liability insurance contracts are contracts promising, in accordance with Section 8 of the Compensation Act, that an insurer undertakes to indemnify a nuclear operator for its losses arising from the compensation of nuclear damage, where the nuclear operator becomes liable for such nuclear damage, in exchange for the payments of insurance premiums. Government indemnity agreements are agreements promising, in accordance with Section 10 of the same Act, that the government will indemnify a nuclear operator for any losses arising from the compensation of nuclear damage which cannot be covered by private liability insurance contract or other measures, in exchange for payments of indemnity fees. What is covered by the government indemnity agreements is set based on the actual situation of private liability insurance contracts in the insurance market, and includes nuclear damage arising through earthquakes, volcanic eruptions or tsunami, damage arising through normal operations and damage claimed more than ten years after an accident, all of which are not underwritten by the insurance market (Indemnity Agreements Act, Section 3 and Order for the Execution of the Act on Indemnity Agreements for Compensation of Nuclear Damage, Section 2).

(2) Details of financial security for the TEPCO's Fukushima Daiichi nuclear power plant and the Fukushima Daini nuclear power plant, and related post-accident measures

The financial security for the Fukushima Daiichi nuclear power plant and the Fukushima Daini nuclear power plant was comprised of private liability insurance contracts and government indemnity agreements, enabling payments of up to JPY 120 billion in each case. The Fukushima Daiichi nuclear power plant accident that has recently given rise to nuclear damage occurred due to an earthquake and tsunami, so losses arising through compensation for this are covered by the government indemnity agreement. After the accident, TEPCO claimed JPY 120 billion from the government as an indemnity payment based on the government indemnity agreement on the Fukushima Daiichi nuclear power plant, on the grounds that its losses from damage compensation caused by the accident in the plant had exceeded JPY 120 billion. The government investigated the details of the losses and then complied with the claim, paying JPY 120 billion.

In addition, with regard to the Fukushima Daini nuclear power plant, an evacuation instruction was also issued by the government to surrounding residents since the plant became temporarily unstable because of the loss of cooling function. This means that nuclear damage which should be covered by the government indemnity agreement has arisen in the form of evacuation costs etc. Currently, no indemnity payments have yet been made since the compensation amounts for the claims relating to this plant have not been specified, but once they are specified, the government indemnity payment to TEPCO, which is supposed to be executed upon request, will be initiated.

Section 6 of the Indemnity Agreements Act provides that the indemnity rate, the rate to be used in calculating the indemnity fees which should be paid annually to the government by the nuclear operators, should be determined by taking into consideration the probability of the occurrence of damage covered by the government indemnity agreements and the management expenditures of the government etc., and delegates its determination to a cabinet order. The indemnity rate had been set at 3/10 000 against the indemnity agreements amount (financial security amount) by the Order for the Execution of the Act on Indemnity Agreements for Compensation of Nuclear Damage, Article 3. However, after this disaster, which became the first case in which a government indemnity payment was to be made, the indemnity rate relating only to the operation of nuclear reactors with a thermal output exceeding 10 000 kW was raised to 20/10 000, taking into consideration the fact that this disaster had occurred. This revision of the cabinet order was enforced on 1 April 2012. Eventually, the annual indemnity fee per site of each nuclear power plant operator was raised from JPY 36 million to JPY 240 million.

(3) Issues for consideration

Although the government declared that a state of "cold shutdown" in the Fukushima Daiichi nuclear power plant has been attained, and the situation has become much more stabilised than before, the facilities destroyed in the accident have not been restored up to their normal status. The insurance companies affiliated with the Japan Atomic Energy Insurance Pool, which have until now underwritten the private liability insurance contracts, did not accept the renewal of the insurance contract from January 2012, on the basis that this kind of situation is naturally assessed as one in which a nuclear accident is still continuing from a technical standpoint. TEPCO therefore deposited JPY 120 billion to fulfil its duty regarding the financial security of the plant under Section 6 of the Compensation Act.

Although the Fukushima Daiichi nuclear power plant is in a state of "cold shutdown", one cannot exclude the theoretical possibility that additional nuclear damage may be caused in some form or other in the future, so there is a certain degree of rationality in seeking to secure compensation funds to cope with such an eventuality. However, the duty of financial security in the situation after the accident, which is technically assessed by insurance companies as being an ongoing accident, and where it is difficult to obtain

underwriting for private liability insurance contracts, has inevitably led to the choice to freeze the JPY 120 billion funds in the form of a deposit, which might have been allocated to the compensation for the damage. What is more, it is in practice difficult to distinguish between the damage that has arisen from the accident to date and the damage that will arise as the situation changes from now on, so it is not entirely clear whether the deposited funds will be paid out smoothly or not. In the light of such points, it seems more reasonable to deem the state wherein facilities continue to be damaged from the accident to be an integral part of the original accident, to relieve the duty to take out financial security within that period, and to have the Corporation support the compensation funds during that period instead, for the sake of progressing smoothly with compensation. There is still room for examining the possibility of revising the system in this way.

The fundamental problem seems to lie in that Japan's current nuclear liability system has been established without envisaging a situation in which an accident continues substantially for a considerable term, as with the current accident. Thus, in addition to the aspect of insurance renewal, it is probably advisable to review whether the system needs to be amended from the perspective of dealing with such an ongoing accident.

4. Treatment of foreign victims

Foreign victims who suffered nuclear damage inside Japanese territory due to the reactor operation etc. of nuclear power facilities located inside Japanese territory are eligible for compensation under the Japanese nuclear liability system on equal basis as the Japanese victims, generally under the same procedure. For nuclear damage arising outside Japanese territory, on the other hand, the general rules of conflict of laws apply to determining the applicable law and the court with jurisdiction, since Japan has not concluded any of the treaties regarding nuclear liability, nor has any special legislation on foreign application of the Japanese nuclear liability system been enacted.

(1) If a case is brought in Japan for damage occurring in a foreign territory

If a foreign victim suffers nuclear damage outside Japanese territory due to the operation etc. of nuclear power facilities located inside Japanese territory, and a case is brought seeking compensation, the jurisdiction of Japanese courts would generally be affirmed on the basis that the address of the defendant, the nuclear operator, is in Japan and that the act of tort was committed inside Japanese territory.

However, the applicable law to said claim would not necessarily be specified under Japanese law, and there is some uncertainty over a court's decision on this issue. Article 17 of the Japanese Act on General Rules for Application of Laws provides that, in principle, the formation and effect of a claim arising from a tort shall be governed by "the law of the place where the result of the wrongful act occurred", while an exception states that when "the occurrence of the result at said place was ordinarily unforeseeable", "the law of the place where the wrongful act was committed" shall govern. Hence, if it is judged that it would normally be impossible to foresee nuclear power facilities inside Japan giving rise to nuclear damage at said place outside the country, the Japanese Compensation Act would become the governing law, but it is currently difficult to predict what judgement a court would make on a specific case.

(2) If a case is brought in a foreign court for damage occurring in a foreign territory

If this kind of claim is brought in a foreign court, decisions about jurisdiction and governing law will be governed by the law of the relevant foreign court. Even if the claim of a foreign victim were then approved in the final and binding judgement of said foreign court, according to Article 22 of the Japanese Civil Execution Act, the plaintiff is obliged to obtain an execution of judgement based on Article 24 of said act in a Japanese court for the compulsory execution of said foreign judgement in Japan. This execution of

judgement must be made without investigating whether or not said foreign judicial decision is appropriate (Civil Execution Act, Article 24.2), but the claim for the execution of judgement shall be rejected unless said judgement is proved to be final and binding, and all the conditions for validity of a final and binding judgement of a foreign court as defined in Article 118 of the Code of Civil Procedure are met (Civil Execution Act, Article 24.3). The conditions defined in Article 118 of the Code of Civil Procedure are mainly as follows:

(i) The jurisdiction of the foreign court must be recognised.

(ii) The defendant must have actually received the service of summons or orders required for commencement of the litigation, or have appeared even without receiving it.

(iii) The content of the judgement and the court proceedings must not be contrary to public policy in Japan.

(iv) There must be a mutual guarantee with the relevant foreign country.

The Supreme Court of Japan, for example, has judged that the portion of compensation for liability corresponding to punitive damages that has the character of setting an example and imposing a sanction is contrary to public policy in Japan, and that an execution of judgement cannot be made on this portion.

5. *Dispute Reconciliation Committee for Nuclear Damage Compensation*

(1) Role and character of the Reconciliation Committee

The Dispute Reconciliation Committee for Nuclear Damage Compensation ("Reconciliation Committee") is a council organisation which can be set up in the MEXT based on Section 18.1 of the Compensation Act. The Reconciliation Committee is not a standing committee, but an organisation that is supposed to be specially set up only in cases where the possibility has arisen concretely that a dispute may occur regarding compensation of nuclear damage due to a nuclear accident etc. The Reconciliation Committee consists of up to ten part-time committee members, who are appointed by the MEXT from among people of high moral standing and who are highly experienced or have academic standing relating to law, medicine, nuclear engineering or other nuclear related technologies (Cabinet Order on the Organisation etc. of a Dispute Reconciliation Committee for Nuclear Damage Compensation, Article 1).

The role of the Reconciliation Committee is three-fold: (i) to mediate reconciliation of any dispute arising from the compensation of nuclear damage; (ii) to decide general guidelines ("Guidelines") for the promotion of voluntary out-of-court settlement of disputes such as the standards for determining the scope of nuclear damage; (iii) to investigate and assess nuclear damage as required for the above (Compensation Act, Section 18.2). Items (i) and (iii) have been stipulated since the system was first created, but item (ii) was added anew at the time of the 2009 revisions to the Compensation Act, based on the experience gained from the 1999 Tokaimura nuclear accident.

The Reconciliation Committee that had been first set up to mediate settlements relating to nuclear liability due to the Tokaimura nuclear accident was disbanded in 2010 after all the litigation relating to the nuclear damage caused by said accident had ended. The Reconciliation Committee relating to the recent accident at the Fukushima nuclear power plants was set up in April 2011.

(2) Legal character of the Guidelines and background to their introduction

The Guidelines for the promotion of voluntary out-of-court settlement of disputes such as the standards for determining the scope of nuclear damage, which are decided by the Reconciliation Committee as its work under (ii) above, have no legally binding force. However, if the Guidelines are decided through discussion, on fair and neutral grounds, by

the committee members who are highly experienced or have high academic standing in the related areas, based on the necessary investigation and assessment, the views in the Guidelines such as the scope of nuclear damage to be compensated by the nuclear operator are reasonably expected to serve as the compensation standard that can be trusted by both the victims and the nuclear operator. It is consequently expected that the Guidelines will serve as reference for the damage compensation negotiations between the victims and the nuclear operator, and thus will facilitate smoother settlement negotiations between the parties, as well as promote fair compensation of similar damage in the case of a nuclear accident in which a large number of compensation claims is raised.

Also, provided that credibility is maintained in the fairness and neutrality of the process of the Reconciliation Committee in determining the Guidelines, it is further expected that the Guidelines will also, to a certain extent, be respected as authoritative opinions expressed by neutral experts in trials if a party makes beneficial use of them.

This additional role of determining the Guidelines was introduced to the Reconciliation Committee based on a review of the progress of nuclear damage compensation for the 1999 Tokaimura nuclear accident, which was performed in 2008 prior to the revision of the Compensation Act. First, the review recognised the importance of out-of-court settlement as a pragmatic means of dealing with the large number of compensation claims that is expected to be filed within a short period. Secondly, it also recognised that the compensation standard decided neutrally by the experts had contributed to promoting out-of-court settlement between the victims and the nuclear operator. Specifically, the Nuclear Damage Investigation Study Group, which was set up at that time under the contracts of the former Science and Technology Agency, provided related parties with reports and the like outlining a basic approach to determine the extent of reasonable causation, or methods for calculating damage amounts etc., with regard to the damage categories. Under a situation in which numerous compensation claims had been filed in a short period, these reports and the like were effective measures in avoiding confusion in the settlement negotiations, in promoting fair compensation and in partially decreasing the burden of proof of causation on the victims.

At the time of the 1999 Tokaimura nuclear accident, around 8 000 compensation claims were made in a short period. They were arranged into approximately 7 000 claims, of which around 6000 claims were resolved through settlement within six months of the accident. Two applications were made to the Reconciliation Committee for mediation, fewer than 20 claims were brought to court, and the total compensation amount was around JPY 15 billion.

(3) Nature of settlement mediation work and its systems

Settlement mediation, performed by the Reconciliation Committee as per the abovementioned operation under (1) above, means intermediation between parties involved in compensation to arrange out-of-court settlement and is a simple factual act having no legally binding force. A mediation proposal suggested by the Reconciliation Committee becomes a valid settlement agreement that binds the parties only when all of them agree to said proposal. Thus the Reconciliation Committee is expected to provide a draft mediation proposal to parties based on neutral and expert viewpoints which would be found trustworthy by both sides, for the promotion of the settlement.

Given the scale of the recent accident, it was expected that settlement mediation would have to be performed for an exceptionally high number of disputes, and it was considered that it would be difficult to deal with them under the initial structure of the organisation. In July 2011 the government therefore revised part of the Cabinet Order on the Organisation etc. of the Dispute Reconciliation Committee for Nuclear Damage Compensation, by introducing “special members” of the committee in addition to the up to ten committee members to perform solely the procedural work for settlement mediation, and providing that settlement mediation work is to be carried out by one or

more than two of the members or special members of the committee as decided by the Reconciliation Committee.

Based on this revision, the Nuclear Damage Compensation Dispute Resolution Centre ("ADR Centre"), which is composed of part-time special committee members, investigators to support the activities of the special committee members and an administrative office to support and co-ordinate their activities, was established under the Reconciliation Committee with the aim of resolving disputes concerning damage compensation claims relating to this accident smoothly, speedily and fairly. As a result, it became possible for settlement mediation operations to be carried out separately from the main body of the Reconciliation Committee. The ADR Centre started its operations on 1 September 2011 with two offices, one in Tokyo and another one in the Fukushima prefecture. As of the end of May 2012, the ADR Centre had 175 part-time special committee members and 42 investigators. The special committee members and investigators of the ADR Centre are all legal specialists. The ADR Centre co-operates with the Japan Federation of Bar Associations to hire lawyers. The courts and the Ministry of Justice have also dispatched staff to the ADR Centre, in addition to MEXT. Committee members other than the special committee members have not as yet[2] performed any settlement mediation work.

The procedure of the ADR Centre is initiated by receiving an application from a party to a dispute, either a victim or the nuclear operator, following which mediation committee members hear from both the applicant and the other party about the circumstances, investigate and examine the damage to be compensated and suggest settlement proposals whilst harmonising the opinions of both sides, in order to resolve the dispute through agreement between the parties (i.e. the conclusion of a settlement agreement). The investigators make investigations of the facts and circumstances relating to the disputes under their charge as the basis for drafting settlement proposals for those disputes, and manage legal documentation, etc. as legal professionals. At this moment, one to three special committee members look after each case.

The settlement mediation track record is that out of 2 432 applications received as of 25 May 2012, settlement mediation has been achieved in 153 cases. The standard mediation period is targeted at around three months, but at present not as many settlements have been achieved as had been originally hoped. The ADR Centre provides three reasons for this low number. The first is that the case review, discussions and examination of settlement proposals all proceed cautiously with early cases because they may set precedents for later cases. The second is that applications made without the involvement of any legal professional such as a lawyer have accounted for as much as 80% of the total, so time is being taken up by investigators looking into these cases due to a lack of documentation proving the damage, etc. The third is that TEPCO has become quite cautious about entering into discussions about settlement proposals the content of which is not specified in the Reconciliation Committee's Guidelines.

6. Compensation procedures

In the Japanese nuclear liability system, no particular litigation procedures have been enacted for nuclear liability; no priority has been provided for compensation among the procedures, such as compensation via an out-of-court settlement, compensation in accordance with a settlement based on Reconciliation Committee settlement mediation, or compensation based on the final and binding judgement of a court; and no mandatory pre-trial procedures have been provided. Victims can therefore select the procedure freely to suit their own circumstances.

2. As of May 2012.

Also, no stipulations are in place for exclusive jurisdiction of a specific court. This means that in numerous courts where cases have been brought, trials proceed simultaneously in parallel. However, since a trial judgement is made independently in each trial even within the same court, the possibility is not excluded even under the exclusive jurisdiction of a single court that the decisions on the scope of compensation differ among cases. On the other hand, if the Guidelines of the Reconciliation Committee are respected to a certain extent as authoritative opinions expressed by neutral experts in trials, the possible disunity in the compensation standard among judicial decisions can be expected to be reduced to some extent.

In the light of such points, it is thought that the fact that domestic jurisdiction on nuclear liability compensation claims is not specified exclusively would not lead to considerable disunity or relativisation of compensation standards.

II. Provisional Payments Act

1. Purpose of the system

The Act on Emergency Measures Relating to Damage caused by the 2011 Nuclear Accident ("Provisional Payments Act") was enacted through the submission of a bill in June 2011 by the Diet members of non government parties in order to address the situation, recognised at that time, where the nuclear damage due to the recent accident would be significant in scale and continue over the long term to an unprecedented degree, and where TEPCO's compensation payments would take time despite the desire to provide prompt aid to the victims. This bill was passed on 29 July 2011, after some revisions were made through discussions. The Provisional Payments Act, which was promulgated on 5 August 2011 and came into force on 18 September 2011, defines a framework for the government to make provisional payments to the victims of a portion of the damage compensation money, as an emergency measure based on said circumstances.

2. Details of the system

The provisional payments made by the government are supposed to be paid for amounts calculated through the computation of approximate damage values via simple methods defined by a cabinet order based on the Provisional Payments Act, for types of nuclear damage defined by the cabinet order, multiplied by a fixed percentage that is supposed to be no less than 50% as defined by the cabinet order. At the same time, the provisional payments are positioned as items covering nuclear damage due to the recent accident (Provisional Payments Act, Article 3). When a victim receives compensation from TEPCO, they lose the right to receive provisional payments up to the amount of said compensation (Article 9.1), and when the government makes a provisional payment, it acquires the victim's right to seek compensation from TEPCO, up to the amount of said provisional payment (Article 9.2). Furthermore, when the government makes a provisional payment, it is supposed to promptly exercise the acquired right to seek compensation from TEPCO (Article 9.3).

The government defined, by cabinet order, the nuclear damage that is eligible for provisional payments to be the "rumour-related" damage suffered by small and medium-sized enterprises engaged in tourism activities in Fukushima, Ibaraki, Tochigi and Gunma prefectures (Order for Enforcement of the Act on Emergency Measures Relating to Damage Caused by the 2011 Nuclear Accident, Article 1). The government explained that this was based on the recognition that a significant proportion of the "rumour-related" damage in the tourism industry could be attributed to the effect of the earthquake and tsunami themselves in addition to that of the nuclear accident, and that the existence of such multiple causes made it difficult to perform prompt compensation for such damage, unlike the damage suffered by other manufacturing or service industries etc. The

government also explained that in determining the eligibility for provisional payments, they placed great importance on promoting the smooth progress of the compensation payments overall in accordance with the purpose of the Provisional Payments Act, and had decided the following conditions for the eligibility: (i) items where it is anticipated that some time will be required until TEPCO makes the main compensation payment, as difficulties are foreseen in the negotiations about the extent of damage and the calculations of figures, etc.; (ii) items where an approximate value for the damage can be calculated by a method that is, to a certain degree, reasonable, simple and clear, based on the Reconciliation Committee's Interim Guidelines etc; (iii) items where it is recognised that there is an urgent need for provisional payments to be received, considering the circumstances of the relevant industry bodies etc., and where rough consensus has been achieved with TEPCO; (iv) items where it is anticipated that TEPCO will respond to the government's request for compensation. The government explained that the above eligible damage were specified as being damage that satisfied the conditions above. It is also explained that eligibility for provisional payments would be revised as appropriate, depending on the progress made on compensation by TEPCO itself.

3. Payment record

Claims for provisional payments began to be received on 21 September 2011, the payments in respect thereof began on 6 December 2011, and as of 25 May 2012, 50 cases out of 64 claims had been paid, representing a total figure of approximately JPY 1.7 billion.

One of the reasons for the fact that the provisional payments are quite low compared with the scale of damage suffered is an inconsistency between the simple calculation methods in determining the payment amount and the treatment of provisional payments as payments covering the compensation in which the government is supposed to acquire the right to seek compensation from TEPCO corresponding to the provisional payments it has made. It is indeed recognised that there is a strong, rational need to adopt simple calculation methods, to pay the provisional payments rapidly as an emergency measure. However, if the government acquires the right to seek damage compensation for the amount of a provisional payment, in exercising this right, the amount and the extent of the corresponding compensation liability judged in the civil proceedings can differ from said amount or its provisional payment basis which was calculated via the simple calculation method. It is also fair to say that the provisional payments defined by this Provisional Payments Act are in essence the advance payments made on behalf of TEPCO by the government. Some comments along this line were made in the Diet deliberations leading to the passing of the bill too, and some Diet members expressed the opinion that the government should confirm, when making the provisional payments, whether or not TEPCO would agree to its claims for reimbursement. The comments indicated that if TEPCO did not agree to the government's claims for reimbursement for a provisional payment, the expenditure for said payment would be a burden on the national budget. Consequently, when the bill was passed, an ancillary resolution to the act was made that "when making provisional payments, the necessary steps shall be taken so that no burden arises for the populace, for example by carrying out procedures to confirm in advance that the nuclear operator will agree to the government's claims for reimbursement", and provisions to secure this were introduced in a cabinet order. However, this does also somewhat contradict the central purpose of this act, namely to make rapid provisional payments, in that it requires considerable time for the process of requesting TEPCO's decisions on the claims.

This Provisional Payments Act was enacted because the Diet had engaged, with the issue of pursuing compensation for the nuclear damage caused by the recent accident from the Diet's own standpoint, with a strong will and interest. However, the role played by this act has effectively ceased from a practical standpoint, since TEPCO has already developed a structure that allows it to respond to and pay the victims' compensation claims.

III. Considering participation in nuclear liability treaties

The treaties concerning nuclear liability are the Paris Convention, the Vienna Convention, and the Convention on Supplementary Compensation. Until now, Japan has not joined any of these. The reasons for this include: the fact that Japan has a domestic nuclear liability system with a level appropriate for an advanced nuclear nation, and an adequate legal foundation is already in place for the protection of victims and the development of the nuclear industry, with regard to nuclear damage arising from accidents inside the country; the fact that it has no land border with any other country that uses nuclear power, and issues with neighbouring countries regarding how to handle cross-border damage are geographically not as marked as in Europe; and the fact that the position of nearby Asian countries such as China and South Korea with regard to the international treaties is unclear, so that there has been no immediate prospect of concluding the same treaty with those countries with which Japan has a geographical relationship or a machinery exports relationship, etc. These issues were pointed out in the 2008 report by the Group to Review the State of the Nuclear Liability System, examining the content of the 2009 revisions to the Compensation Act. However, comments were also made in this report that if Japan were to seriously consider participation in an international framework on nuclear liability and conclude any of these treaties, it was thought to be realistic to focus on the CSC when examining the options among the treaties concerning nuclear liability.

The government explains that the treaties concerning nuclear liability incorporate a variety of aspects that need to be examined, including issues relating to the exclusivity of jurisdiction and the rearrangement of domestic law, so that the advantages and disadvantages for Japan in these various areas need to be fully and carefully scrutinised and investigated to judge how to handle them. The related ministries and agencies are currently engaged in this review process, in response to the Fukushima Daiichi nuclear power plant accident, recognising the importance of building a compensation scheme that is internationally efficient and stable.

IV. Review of the nuclear liability system

Article 6 of the Supplementary Provisions to the Nuclear Damage Compensation Facilitation Corporation Act, enacted on 3 August 2011, provides that issues such as what the government's responsibility under the nuclear liability system ought to be, and the establishment of an organisation to resolve any disputes relating to nuclear liability both rapidly and appropriately, and that drastic revisions such as a revision of the Compensation Act should be performed as soon as possible based on the results of said consideration.

Without doubt, there is a pressing need to review the state of the nuclear liability system in the light of the recent accident, such as the handling of situations where an accident continues over the long term, but it is thought that there will be only limited areas in which conclusions can be currently drawn, while the compensation process is underway. Further, it is impossible to apply retrospective changes regarding the state of compensation liability for an accident which has already happened. Hence, realistically, it is thought that the review will focus on the state of the civil procedures for nuclear liability from the perspective of promptly resolving an exceptionally high number of compensation disputes, while ensuring fairness and impartiality of the compensation among the victims, so that for example similar damage claims are treated in the same way when no exceptional circumstances exist.

The current progress of relief of victims of nuclear damage caused by the Fukushima Daiichi nuclear power plant accident

By Shigekazu Matsuura*

I. Overview of initiatives to provide relief for the victims

The accident that occurred on 11 March 2011 at the Tokyo Electric Power Company ("TEPCO") Fukushima Daiichi and Daini nuclear power plants inflicted serious damage, including the long-term evacuation of citizens as well as the impact on business activities over a wide geographic area, and not only in the Fukushima prefecture where the accident occurred.

The Dispute Reconciliation Committee for Nuclear Damage Compensation ("Reconciliation Committee"), which has drawn up guidelines for determining the scope of nuclear damage based on the Act on Compensation for Nuclear Damage ("Compensation Act"), has presented these guidelines in order of priority starting where the probability of nuclear damage is highest, in order to provide prompt relief for the victims, and on 5 August 2011 the Reconciliation Committee formulated Interim Guidelines that presented an overall picture of the scope of nuclear damage. Further, due to the difficulty in arriving at objective criteria for determining what constitutes a sufficient causal relationship to the accident, on 6 December 2011 an approach to compensation was presented in the form of a Supplement to the Interim Guidelines concerning damages associated with "voluntary evacuation", etc. carried out not on the basis of government instructions, which was indicated as a matter for ongoing consideration at the time of formulating the Interim Guidelines. Based on the basic approach to a review of those areas subject to evacuation instructions and further issues which the Government's Nuclear Emergency Response Headquarters indicated on 26 December 2011, the Reconciliation Committee presented the Second Supplement to Interim Guidelines concerning Damages related to Review of Evacuation Areas by Government Instructions, etc. on 16 March 2012.

Concerning decontamination, with regard to the measures provided under the Act on Special Measures concerning the Handling of Pollution by Radioactive Materials, which was issued in August 2011 and came into force in January 2012, it is stipulated that the cost of decontamination should be borne by the nuclear operator, as this concerns damage related to nuclear damage pursuant to the Compensation Act.

Concerning the implementation of compensation by TEPCO, in August 2011 the Nuclear Damage Compensation Facilitation Corporation Act ("Corporation Act") was

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established, paving the way for funding, and based on the Interim Guidelines drawn up by the Reconciliation Committee, from September 2011 applications for compensation started being received, and as of 25 May 2012 approximately JPY 898 billion had been paid out. In order to promote prompt and smooth payment of compensation by TEPCO, the government has pushed forward with initiatives including a system of provisional payments by the State, financial assistance and consultation/information provision by the Nuclear Damage Compensation Facilitation Corporation ("the Corporation"), and settlement mediation by the Nuclear Damage Compensation Dispute Resolution Centre ("ADR Centre").

Compensation by TEPCO has progressed to some extent, in line with the guidelines drawn up by the Reconciliation Committee, but as an increase in the number of disputes between TEPCO and victims of the accident is anticipated in the future, arguably it is essential to bolster measures in readiness for an increase in the number of mediation cases filed with the ADR Centre.

II. Scope of nuclear damage compensation

1. Dispute Reconciliation Committee for Nuclear Damage Compensation Guidelines on Determination of Scope of Nuclear Damage, etc.

(1) Background to the formulation of the Guidelines

The accident that occurred on 11 March 2011 at the TEPCO Fukushima Daiichi and Daini nuclear power plants inflicted serious damage, including the long-term evacuation of citizens as well as the impact on business activities over a wide geographic area, and not only in Fukushima prefecture where the accident occurred. In order to provide prompt relief for the victims, on 11 April 2011 the government set up the Reconciliation Committee, which has drawn up guidelines for determining the scope of nuclear damage based on the Compensation Act, and has presented these guidelines in order of priority starting where the probability of nuclear damage is highest.

On 28 April 2011, the Reconciliation Committee drew up Preliminary Guidelines indicating the scope of damage arising on the basis of government instructions, etc., and subsequently drew up Secondary Guidelines (on 31 May 2011) and a Supplement to the Secondary Guidelines (on 31 June 2011), thus expanding the scope of nuclear damage presented in the guidelines. On 5 August 2011, the Reconciliation Committee drew up Interim Guidelines that provided an overall picture of the scope of nuclear damage (see (2) below for an overview). In the meantime, hearings were carried out with different ministries and agencies, as well as six local authorities and 29 trade associations, in addition to which damage surveys were carried out by 76 expert advisers in 17 fields in order to identify the circumstances of damage, etc.

Further, due to the difficulty in arriving at objective criteria for determining what constitutes a sufficient causal relationship to the accident, on 6 December 2011 a Supplement to the Interim Guidelines was drawn up concerning damages associated with "voluntary evacuation", etc. carried out not on the basis of government instructions, which was indicated as a matter for ongoing consideration at the time of formulating the Interim Guidelines (see (3) below for an overview).

On 16 December 2011, the government's Nuclear Emergency Response Headquarters confirmed that the nuclear reactors had been stabilised and that the accident had been brought under control and indicated its basic approach to a review of those Areas subject to Evacuation Instructions and future issues on 26 December 2011. On 16 March 2012, the Reconciliation Committee presented the Second Supplement to Interim Guidelines

concerning Damages related to Review of Evacuation Areas by Government Instructions, etc. (see (4) below for an overview).

(2) Summary of the Interim Guidelines presenting an overall picture of the scope of nuclear damage

The Interim Guidelines provide an overall picture of the scope of nuclear damage, incorporating the scope of damage indicated in the Preliminary and Secondary Guidelines, and in the Supplement to the Secondary Guidelines. The Interim Guidelines clearly specify that damage having a sufficient causal relationship to the accident, which can be categorised into types, and also clearly state that rather than immediately disallowing compensation for something not specified in the Interim Guidelines, it may be possible for damage to be recognised as having a sufficient causal relationship to the accident based on individual, specific circumstances.

The categories of damage indicated in the Interim Guidelines are as follows:

- Damage relating to government evacuation instructions, etc.
- Damage relating to the declaration by the government of marine exclusion zones, etc., and no-fly zones.
- Damage relating to instructions issued by the government or a government agency restricting the shipment of agricultural, forest or fishery products.
- Damage relating to any other government instructions, etc.
- So-called "rumour-related" damage (general criteria, agriculture/forestry/fisheries, food industry, tourism, manufacturing, services, etc., exports).
- So-called "indirect damage".
- Damage from radiation exposure.
- Measures for adjustments between government benefits paid to a victim, and compensation that the victim receives.
- Property and other damage sustained by local government, etc.

While providing an overall picture of the scope of nuclear damage, the Interim Guidelines stated that moving forward, as the accident is brought under control and circumstances change, including a review of the Evacuation Areas, consideration would be given, as necessary, to the matters to be specified in the guidelines (see Figure 1: Outline of the Interim Guidelines, pp. 55-57).

(3) Overview of the Supplement to the Interim Guidelines concerning Damages related to Voluntary Evacuation

Due to the difficulty in defining an objective criterion for determining what constitutes a sufficient causal relationship to the accident, on 6 December 2011 the Reconciliation Committee presented its approach to compensation in the form of a Supplement to the Interim Guidelines concerning damages associated with "voluntary evacuation", etc. carried out not on the basis of government instructions, and which was indicated as a matter for ongoing consideration at the time of formulating the Interim Guidelines. An overview of this is given below.

Overview of the Supplement to the Interim Guidelines concerning Damages related to Voluntary Evacuation, etc.

Basic approach

- Concerning the persons encompassed by the Supplement to the Interim Guidelines:
  - During the period of information insufficiency when the accident initially occurred, a certain rationality can be recognised, regardless of age or other factors, in experiencing fear and unease about exposure to radiation due to the discharge of a large quantity of radioactive material.
  - Some time after the accident, amid circumstances in which information concerning the quantity of radiation, etc. was obtainable to some extent, the likelihood of extreme sensitivity to radiation is generally recognised, at least in the case of children and pregnant women, and therefore a certain rationality can be recognised with regard to experiencing fear and unease about exposure to radiation.
  - As well as voluntary evacuation resulting from the abovementioned fear and unease, there are damages that should be compensated for people who continued to stay without voluntarily evacuating.
- Further, damages not encompassed by the Supplement to the Interim Guidelines may also be recognised as damages having a sufficient causal relationship to the accident based on the individual, specific circumstances.

Areas subject to Voluntary Evacuation, etc.

The Affected Areas (23 municipalities in the Fukushima prefecture, excluding Areas subject to Evacuation Instructions, etc.) are clearly stated, broadly taking into consideration distance from the plant, proximity to Areas subject to Evacuation Instructions, etc., information about radiation levels published by the government, etc., and the state of voluntary evacuation, etc.

Amount of damages

- It is fair and reasonable to calculate a fixed sum combining damages for mental anguish and the increased cost of living expenses, etc., and to set the same amount of damages for voluntary evacuees and residents.
- Specifically, the guideline amounts of damages for people with their home inside an area subject to voluntary evacuation, etc. at the time the accident occurred are as follows:
  - Child/pregnant woman living in an Affected Area: JPY 400 000 (damages from occurrence of the accident until the end of December 2011).
  - Persons other than the above: JPY 80 000 (damages at the time of initial occurrence of the accident).

(4) Consideration of approach to compensation associated with the review of Areas subject to Evacuation Instructions

On 16 December 2011, the government's Nuclear Emergency Response Headquarters confirmed that the nuclear reactors had been stabilised and the accident had been brought under control, and on 26 December 2011 it indicated its basic approach to a review of those Areas subject to Evacuation Instructions and future issues. Specifically, by the end of March 2012 the areas were revised to the following three Areas subject to Evacuation Instructions.

New areas subject to evacuation instructions

"Area preparing for lifting of evacuation instructions":

An area in which it has been definitively confirmed that annual accumulated exposure dose is 20 mSv or less. Once decontamination work has sufficiently progressed, focused on the living infrastructure and children's living environment, the evacuation instructions will be lifted.

"Area subject to living restrictions":

An area in which annual accumulated exposure dose could exceed 20 mSv. If it has been definitively confirmed that annual accumulated exposure dose is below 20 mSv due to decontamination and natural decay, transition to "area preparing for lifting of evacuation instructions".

"Area in which homecoming is difficult":

An area in which the level of radioactive contamination is extremely high, and homecoming is expected to be difficult for a long period. Specifically, an area currently with annual accumulated exposure dose exceeding 50 mSv, where it is feared that annual accumulated exposure dose may not fall below 20 mSv even after five years.

On 16 March 2012, the Reconciliation Committee presented the Second Supplement to Interim Guidelines, which concerns damages related to the review of evacuation areas by government instructions, etc. and damages related to voluntary evacuation, etc. encompassed by the Interim Guidelines and First Supplement, in relation to matters that were stated as being for future consideration, also based on the review of evacuation areas subject to government instructions, etc. An overview of this is given below.

Overview of the Second Supplement to Interim Guidelines concerning Damages related to Review of Evacuation Areas by Government Instructions, etc.

1. Evacuation expenses and damages for mental anguish after the review of evacuation areas (Interim Guidelines are extended until the review of the areas)

(1) Establish no differences between persons continuing to evacuate and persons seeking to relocate.

(2) As a general rule, evacuation expenses continue to be the expenses actually incurred to a necessary and reasonable extent.

(3) The guideline figures for damages for mental anguish are as follows:

i) Area preparing for lifting for evacuation instructions = JPY 100 000 per person per month.

ii) Area subject to living restrictions = JPY 100 000 per person per month, JPY 2.4 million being also possible as lump sum for two years' damages.

iii) Area in which homecoming is difficult = lump sum of JPY 6 million per person.[1]

(4) The period of eligibility for compensation after the lifting of evacuation instructions should be determined based on future circumstances, compensation being provided uniformly regardless of when individual evacuees returned home during that period.

2. Evacuation expenses and damages for mental anguish for former Evacuation-prepared Areas in case of Emergency

(1) The amount of damages from one year after the accident is JPY 100 000 per person per month.

(2) The guideline period of eligibility for compensation is until the end of August 2012 (decided flexibly according to the individual, specific circumstances such as the healthcare/welfare system and school situation), with compensation being provided uniformly regardless of when a person returned home from one year after the accident.

(3) Persons who have already returned home or continue to stay shall be eligible for compensation according to the individual, specific circumstances.

3. Evacuation expenses and damages for mental anguish for Evacuation Recommendation Spots

(1) The amount of damages after one year is JPY 100 000 per person per month.

(2) The guideline period of eligibility for compensation is provisionally a three-month period after the lifting of evacuation instructions, with compensation being provided uniformly regardless of when individual evacuees returned home during that period.

1. A higher amount may be allowable according to the individual, specific circumstances, such as when evacuation is prolonged.

4. Loss or reduction, etc., of the value of real estate

(1) For real estate in an "area in which homecoming is difficult", the reduction in value is presumed to be 100% (total loss).

(2) For real estate in an "area subject to living restrictions" and an "area preparing for lifting of evacuation instructions", it is presumed that there has been some reduction in value, taking into consideration the period until the lifting of evacuation instructions, etc.

(3) Assess rationally, taking into consideration the re-acquisition price of property for dwelling use, etc.

5. Business damages and damages due to incapacity to work

(1) The termination point is not indicated for the time being, and a decision should be taken rationally based on the individual, specific circumstances.

(2) If change of occupation/career or temporary business operation/employment is recognised as special efforts, a rational and flexible approach is required, such as not deducting from the amount of damages the income derived therefrom.

6. Damages related to voluntary evacuation, etc.

From January 2012, decisions are made for individual cases and types with regard to children and pregnant women, without establishing areas (based on the criterion of reasonableness for an average, ordinary person).

7. Damages related to decontamination, etc.

(1) Notwithstanding the operation of the Act on Special Measures concerning the Handling of Pollution by Radioactive Materials, expenses that are inevitably incurred in connection with carrying out necessary and reasonable decontamination, etc. are eligible for compensation, including damage to property/business.

(2) Expenses related to necessary and reasonable testing, etc. carried out by local authorities and educational institutions in order to allay residents' unease, etc. about exposure to radiation are eligible for compensation.

8. The response of TEPCO

A rational and flexible approach is required, also with regard to damages that are not clearly stated in the guidelines, such as allowing compensation for all damages or a certain range of damages in individual cases or types, according to the nature of the damage, based on the general intent of the guidelines.

2. The relationship between decontamination based on the Act on Special Measures concerning the Handling of Pollution by Radioactive Materials

In August 2011, the Act on Special Measures concerning the Handling of Pollution by Radioactive Materials ("Special Measures Act") was issued to tackle environmental contamination arising from radioactive material released as a result of the accident. Based on this act, a unified surveillance/measurement system was established to identify the state of environmental contamination, and measures were carried out including the processing of waste contaminated with radioactive material and the decontamination of

ground, etc. In addition, measures enacted based on the above-cited Act relate to nuclear damage based on the Compensation Act, and it is stipulated in this Act that the cost of these measures should be borne by the nuclear operator.

The Special Measures Act came into force in January 2012. Prior to this, the Minister for Environment designated 11 municipalities in the Fukushima prefecture, which are Restricted Areas or Deliberate Evacuation Areas, as "Special Decontamination Areas" in order for the State to conduct decontamination work, and designated 102 municipalities in 8 prefectures as "Intensive Contamination Survey Areas" in order for municipalities to make concrete assessments of decontamination plans in the future (areas of 0.23μSv/hour or higher (equivalent to additional annual exposure dose of 1mSv)).

The national budget associated with the implementation of the abovementioned Special Measures Act is JPY 464 billion in the FY 2011 budget and JPY 451 billion in the FY 2012 initial budget.

III. Status of compensation payments by TEPCO and system to promote prompt and smooth payments

1. Status of compensation payments by TEPCO

Since April 2011, TEPCO has made provisional compensation payments to residents and commercial operators in Areas subject to government evacuation instructions and to operators engaged in agriculture, forestry, or fisheries in areas subject to shipping restriction orders issued by the government, in order to supply the necessary funds as quickly as possible, premised on the allocation of funds to damage resulting from evacuation. These provisional compensation payments are regarded as temporary payments of compensation for damage that will arise in the future once they have been finalised.

In August 2011, the Corporation Act was adopted, paving the way for funding, and based on the Interim Guidelines drawn up by the Reconciliation Committee, from September 2011 applications for compensation started being received.

As of 25 May 2011, a total of JPY 897.7 billion (including unfinalised provisional compensation payments) had been paid out to approximately 79 900 cases for individuals (other than voluntary evacuees etc), 47 200 cases for corporations and 572 000 cases for voluntary evacuees etc. (see Figure 2: Progress in provisional/main compensation payments by TEPCO, p. 58).

Concerning the system for the receipt of compensation claims and payments, TEPCO started with 1 000 personnel, and this has increased to about 13 100 personnel at the end of April 2011 (including approximately 3 500 employees).

2. System of provisional payments by the State

The Act on Emergency Measures Relating to Damage from the 2011 Nuclear Accident ("Provisional Payments Act") for provisional payments by the State was adopted at the end of July 2011. The scope of the act is specified by cabinet order. As TEPCO had now stepped up compensation payments, as described under Section 1 above, the cabinet order adopted in September 2011 specified Small and Medium-sized Enterprises (SMEs) in Fukushima, Ibaraki, Tochigi and Gunma prefectures in the tourism industry, which had sustained "rumour-related" damage and where the payment of compensation by TEPCO was expected to require some time, as being eligible for provisional payments by the State, which is also clearly stated in the Interim Guidelines.

The receipt of applications for provisional payments by the State started on 21 September 2011, and by the end of 2012 a total of approximately JPY 1.7 billion had been paid for 50 cases. A short time after the receipt of applications was started, there was a string of enquiries and

claims. In particular, tourism-related organisations in the Fukushima prefecture and other areas were unhappy that in TEPCO's calculation method for compensation, the deduction ratio for factors other than the accident such as earthquake and tsunami was 20% from March to the end of August 2011, and they withheld making compensation claims to TEPCO. However, following TEPCO's announcement at the end of October 2011 that it would reduce the deduction ratio, tourism operators in the Fukushima prefecture and other areas began making compensation claims to TEPCO. As a result, there has been a visible decline in the number of enquiries and claims concerning provisional payments by the State.

3. Initiatives by the Nuclear Damage Compensation Facilitation Corporation

(1) State of financial assistance for TEPCO

An explanation of the framework for support of TEPCO by the Corporation is provided in a separate report. In October 2011, the Management and Finance Investigation Committee concerning TEPCO estimated that approximately JPY 4.5 trillion in compensation would be required, this figure being a macro estimate using miscellaneous statistical data (see Figure 3: Estimated total amount of compensation, p. 59), based on which the government issued JPY 5 trillion in bonds to the Corporation in its FY 2011 supplementary budget. In the Comprehensive Business Plan certified by competent ministers on 9 May 2012, the Corporation committed approximately JPY 2.43 trillion in financial assistance as funds for compensation payment to TEPCO and subscription for TEPCO's shares of JPY 1 trillion for improvement of financial strength.

(2) Support for victims through consultation/information provision

The Corporation Act states that when implementing financial assistance for nuclear operators, the Corporation should provide consultation and information. Therefore, the Corporation has held free seminars and face-to-face consultations concerning how to make compensation claims to TEPCO and how to apply to the ADR Centre, as follows:

(i) On-site consultations

Teams of lawyers and administrative scriveners have visited temporary accommodation in which evacuees are housed to provide free on-site consultations and free consultation seminars. Since the evacuation sites extend to areas outside Fukushima prefecture, consultations are also being held in the major cities of Niigata and Yamagata prefectures.

(ii) Regular consultations

Free consultations and telephone consultations are being carried out by lawyers, etc. at the Corporation's headquarters (in Tokyo) and at its Fukushima offices.

4. Status of settlement mediation by the Nuclear Damage Compensation Dispute Resolution Centre

(1) Status of settlement mediation

The ADR Centre, which mediates in settlements, started receiving mediation applications from 1 September 2011. As of 25 May 2012, 2 432 applications had been received, among which 153 cases had been settled (including 29 cases of partial/provisional settlements), 94 cases had been withdrawn, and 50 cases had been terminated.

The ADR Centre had targeted a period of three months from application to settlement, but so far this has not been achieved. In a report published in mid-February 2012 concerning its activities to the end of 2011, the ADR Centre gave the following reasons for the settlement delays:

- The main reasons cited on the part of the ADR Centre are the need for careful deliberation, as given the scale, etc. of the accident, the handling of one case becomes a precedent influencing the handling of many other cases; and as many cases are filed in person rather than through a legal representative, time is needed to verify/investigate the details of the claim and the facts, etc.
- The main reasons cited on the part of TEPCO are the withholding of decisions in many written responses, and the lack of proactive deliberation concerning matters not specifically stated in the Interim Guidelines and concerning the loss/reduction, etc. of property value.

(2) Future issues

Given the scale of the damage resulting from the accident, there are naturally limits to the processing capability of the ADR Centre and judicial bodies, and it is essential that the huge number of cases is resolved through negotiation between the victims and TEPCO.

Further, in order to process the applications to the ADR Centre promptly and smoothly, there is a need to strengthen the ADR Centre's structure and enhance its procedures, as well as achieve co-operation with the Corporation, etc. and improve the response of TEPCO, etc. In addition, the ADR Centre plans to share the results and experience of settlement mediation with society by making public the circumstances thereof, including the accumulated settlement cases and the criteria, etc. underlying the settlement process, provided that this is not contrary to the interests of the victims. This is expected to promote negotiation between the victims and TEPCO, as well as settlement by the ADR Centre and judicial bodies, thereby contributing to prompt, fair and appropriate relief for the huge number of victims who sustained damage in the accident.

5. Information sharing, etc., by the Committee for Smooth Payment of Compensation for Nuclear Damage

In order to achieve prompt and smooth relief for the victims through the compensation of damage, etc., at the end of December 2011 the government established a "Committee for Promotion of Smooth Compensation for Nuclear Damage" comprising the Vice Ministers of MEXT and the Ministry of Economy, Trade and Industry, the board member of the Corporation, and the Vice President of TEPCO, as a framework for policy consideration aimed at sharing information with related bodies and resolving issues. The establishment of this Committee is furthering co-operation between the related parties in order to achieve the prompt and smooth payment of compensation, including the construction of a system of compensation related to voluntary evacuation, etc., and the consideration of measures aimed at addressing an increase in the number of applications to the ADR Centre, etc.

IV. Conclusions

The Fukushima Daiichi nuclear power plant accident inflicted serious damage, including the long-term evacuation of citizens as well as the impact on business activities over a wide geographic area, and not only in the Fukushima prefecture where the accident occurred. The Reconciliation Committee drew up guidelines for determining the scope of nuclear damage, etc., based on the Compensation Act, and in August 2011 published the Interim Guidelines presenting an overall picture of the scope of nuclear damage. In constructing a system for the prompt payment of compensation by TEPCO in accordance with the guidelines, the Reconciliation Committee has arguably played a significant role in providing prompt relief for the victims.

Compensation by TEPCO has progressed to some extent, in line with the guidelines drawn up by the Reconciliation Committee, but as an increase in disputes between

TEPCO and victims of the accident is anticipated in the future in relation to compensation claims that are difficult to categorise in the guidelines, arguably it is essential to bolster measures to address an increase in the number of mediation cases filed to the ADR Centre.

In addition, as a review of the Areas subject to Evacuation Instructions will be carried out in the future, while measures related to the clean-up of waste material, ground, etc. contaminated with radioactive material also evolve, careful attention will need to be paid to the resulting monetary increase in the compensation requirements.

The financial support by the Nuclear Damage Compensation Facilitation Corporation

By Yasufumi Takahashi*

1. Background to enactment of the Nuclear Damage Compensation Facilitation Corporation Act

(1) Act on Compensation for Nuclear Damage

In Japan, a nuclear damage compensation system is provided in order to protect victims and to contribute to the sound development of nuclear operators, based on the Act on Compensation for Nuclear Damage ("Compensation Act").

The Compensation Act stipulates the following:

1. a nuclear operator shall have no-fault, unlimited liability for nuclear damage caused by its reactor operation, etc., and the liability is channelled to the nuclear operator (Compensation Act, main clause of Section 3, paragraph (1)). However, if the damage is caused by "a grave natural disaster of an exceptional character" or by "an insurrection", the nuclear operator is exempted from the liability (the proviso of the same paragraph);
2. a nuclear operator is obligated to take measures for compensation of nuclear damage (hereinafter referred to as "financial security"). A nuclear operator is prohibited from reactor operation, etc. unless the financial security for compensation of nuclear damage has been provided (Compensation Act, Sections 6 to 15);
3. in the case where a nuclear operator shall be liable for nuclear damage, and the actual amount which the operator should pay for the nuclear damage exceeds the financial security amount, the government shall give the nuclear operator such aid as is required for a nuclear operator to compensate the damage (Compensation Act, Section 16, paragraph (1)). However, this aid shall be given to the extent that the government is authorised to do so by decision of the Diet (paragraph (2) of the same section); and
4. if a nuclear operator is exempted from its liability, the government shall take the necessary measures to relieve victims and to prevent the damage from spreading (Compensation Act, Section 17).

(See Figure 4: Outline of the nuclear damage compensation system in Japan, p. 88.)

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(2) Grave natural disaster of an exceptional character

The accident at the Tokyo Electric Power Company's ("TEPCO") Fukushima nuclear power plant ("the accident") resulting from the 2011 off the Pacific coast of Tohoku earthquake and tsunami caused the large-scale nuclear damage to local residents and businesses.

The government established the Nuclear Power Plant Accident Economic Damage Response Team which consists of related ministers (secretariat: the Nuclear Power Plant Accident Economic Damage Response Office, Cabinet Secretariat), and said team has dealt with this issue.

Under the Compensation Act, the nuclear operator would be exempted from its liability if the accident were caused by "a grave natural disaster of an exceptional character". Therefore, at the beginning, it became problematic whether the earthquake and tsunami corresponded to "a grave natural disaster of an exceptional character".

Although of course the final judgement would be made by a court, the government judged that the earthquake and tsunami did not correspond to "a grave natural disaster of an exceptional character", and concluded that TEPCO should not be exempted from its liability for nuclear damage.

(3) Government aid and legal liquidation

The next issue was government aid for TEPCO.

In general, the liability of a business company which caused damage is defined as unlimited. If the business company does not have sufficient funds to compensate, legal liquidation such as bankruptcy or corporate reorganisation procedures will be carried out. Therefore, unlimited liability means that a business company essentially has liability to compensate within the scope of its resources.

In the process of legal liquidation, the rights to be compensated for damage shall be treated in the same way as other general rights, and the remaining property shall be distributed in accordance with pro rata allocation. In Japan, the corporate bonds issued by electricity utilities are provided with a general security (Electricity Business Act, Article 37). Since TEPCO is not only a nuclear operator but also an electricity utility, the victims' rights to claim compensation for damage are subordinate to the corporate bonds issued by TEPCO. Therefore, the distributed sum was expected to be even smaller. Moreover, in the case of bankruptcy procedures, victims would not be able to claim compensation for damage arising after the procedures. For these reasons, victims would not be able to receive sufficient compensation in the case where legal liquidation of TEPCO was carried out.

The government's basic stance has been that sufficient compensation should be paid to the victims in Japan with regard to the damage that have legally sufficient causal relationship to the accident. The government judged that victims would not be compensated appropriately if TEPCO was subject to legal liquidation as a result of no government aid.

There could be various conceivable measures as government aid, including granting funds directly to the nuclear operator, but some sort of basis such as authority for budget expenditure is required for granting funds. Thus, the government asked the Diet to enact a new law, the Nuclear Damage Compensation Facilitation Act, as a legal framework of government aid based on Section 16 of the Compensation Act.

On the other hand, there were also strong arguments that TEPCO should be subject to legal liquidation. For one thing, it would be contrary to market rules that TEPCO survived by means of the government aid in spite of being substantially insolvent. For another, it would be contrary to the principle of self-responsibility that even the stockholders and the creditors such as financial institutions, etc. would be protected because of the government aid.

However, in the case of legal liquidation, not only the victims would be unable to receive sufficient compensation, but also they would be inevitably forced to bear the burden inflicted by participating in the legal liquidation procedures under difficult living conditions in physical and psychological terms as a result of evacuation, etc. Furthermore, in principle the victims would not be able to receive compensation until the conclusion of legal liquidation. In addition, in the case of corporate reorganisation procedures, TEPCO would survive and compensate damage arising after the procedures. However, as it was not clear how large the total amount of compensation in the future would be, it would probably be difficult to gain sponsors and to carry out corporate reorganisation procedures. Furthermore, legal liquidation could also have a risk of obstructing the response to the accident as well as ensuring the stable supply of electricity.

Taking these points into consideration, the government aid for TEPCO has been carried out in line with rules based on the Compensation Act.

Separate from the arguments for legal liquidation, there was also a view that the State should bear legal liability for compensation jointly with TEPCO, rather than assuming TEPCO's primary liability for damage, due to the State's legal responsibility for failing to direct TEPCO to take sufficient measures against the earthquake and tsunami as well as its social responsibility for causing the accident as a result of its promotion of the nuclear energy policy. Moreover, some people claimed that the nuclear business could no longer continue without limitation of liability. However, the Compensation Act stipulates the channelling of liability as well as the unlimited liability of the nuclear operator, and therefore the State does not bear any liability for damage.

(4) The enactment of the Nuclear Damage Compensation Facilitation Corporation Act

On 10 May 2011, TEPCO requested government aid based on Section 16 of the Compensation Act as it had financial difficulty due to the accident, based on the premise that the earthquake and tsunami did not correspond to "a grave natural disaster of an exceptional character".

In response to the request, the government required TEPCO to confirm whether TEPCO would implement the following policies:

1. No limitation should be imposed in advance on the amount of compensation and the compensation of damage should be implemented in a prompt and appropriate manner.
2. The utmost efforts must be paid to stabilise the condition of TEPCO's Fukushima nuclear power plant as well as the safety and living environment of workers at the nuclear plant should be improved and adequate attention should be paid to their economic aspects.
3. Necessary expenses should be secured for stable electricity supply and safety of equipment, etc.
4. Except for the above, rationalisation of management and cost reduction should be sought to the utmost extent.
5. The actual conditions of management and finance should be examined by a third party committee established by the government, in order to implement strict asset valuation and complete re-examination of costs, etc.
6. Co-operation of all stakeholders should be sought and especially the status of co-operation from financial institutions should be reported to the government.

After receiving the confirmation from TEPCO, on 13 May 2011, the government support to TEPCO and the specific framework for this support were decided by the Nuclear Power Plant Accident Economic Damage Response Team, under the system of the Compensation Act, in order to ensure to:

1. take every possible measure for prompt and appropriate compensation for damage;
2. stabilise the condition of TEPCO's Fukushima nuclear power plant and avoid any adverse impact on related business operators, etc. dealing with the accident; and
3. supply stable electricity which is indispensable for people's living.

(See: "Framework of government support to the Tokyo Electric Power Company to compensate for nuclear damage caused by the accident at Fukushima Daiichi nuclear power plant", p. 233.)

Based on the framework of government support, the Cabinet Secretariat worked to draw up a bill, and the bill and said decision were decided by the Cabinet on 14 June 2011. Then the bill for the Nuclear Damage Compensation Facilitation Corporation Act was submitted to the Diet.

Following deliberation in the Diet, the bill for the Nuclear Damage Compensation Facilitation Corporation Act ("Corporation Act") was passed on 3 August 2011, and then it was promulgated and enforced on 10 August 2011. During the Diet deliberation, some provisions were added such as stipulating the State's social responsibility (Corporation Act, Article 2), making the nuclear operator receiving the government aid request co-operation of all its related parties (Supplementary Provisions of the Corporation Act, Article 3, paragraph (2), granting of funds given by the government in the case of shortage of funds despite of granting of government bonds (Corporation Act, Article 51), and implementing affairs concerning payment of compensation by the Corporation upon entrustment by the nuclear operator (Corporation Act, Article 55), and the review provision (Supplementary Provisions of the Corporation Act, Article 6) was amended.

2. Features of the Nuclear Damage Compensation Facilitation Corporation Act

(1) Realisation of Section 16 of the Compensation Act

The purpose of the Nuclear Damage Compensation Facilitation Corporation ("the Corporation") is, in the case where large-scale nuclear damage of which the actual amount to be compensated by a nuclear operator exceeds the financial security amount (JPY 120 billion), to provide necessary support to the nuclear operator so that compensation measures are implemented promptly and appropriately by the nuclear operator, while ensuring the smooth management of a stable supply of electricity and any other business activities of the reactor operation, etc., and thereby to enhance the stability of citizens' lives and to contribute to the sound development of the national economy (Corporation Act, Article 1).

The Corporation Act is an institutional framework to realise government aid based on Section 16 of the Compensation Act, rather than a temporary framework supporting only the payment of compensation for damage arising from the accident.

The specific government aid is carried out through measures such as the granting of funds to a nuclear operator via the Corporation, loan of funds and share subscription by the Corporation. In this scheme, whether to provide support to a nuclear operator is determined for each nuclear accident.

The Corporation Act states "taking into consideration that the State has had the social responsibility that comes along with promoting the nuclear energy policy…" (Corporation Act, Article 2), and also the Cabinet decision states "in recognition of the government's social responsibility on nuclear energy policy, which has been promoted through the co-operation between the government and nuclear operators". In both cases, the State's legal liability for damage is not admitted, but the reason for realising the government aid based on Section 16 of the Compensation Act is stated.

(2) Nuclear Damage Compensation Facilitation Corporation

(See "Outline of the Nuclear Damage Compensation Facilitation Corporation Act", p. 229, and Figure 5: Compensation support by Nuclear Damage Compensation Facilitation Corporation, p. 235.)

- Mutual support among nuclear operators

The government established the Corporation in order for nuclear operators to prepare for the future eventuality of huge compensation payments exceeding the financial security amount.

The Corporation sets the amount of reserves necessary for all nuclear operators and the period to achieve such reserve funds, and calculates the annual amount to accumulate. The Corporation assigns the required amount to each nuclear operator based on certain criteria such as the capacity of electricity generated by each operator's nuclear power facility, and requires the payment (Corporation Act, Articles 38 and 39). The Corporation accumulates the contributions as reserve funds, and, as a general rule, grants the necessary funds within the scope of the reserve funds to a nuclear operator that needs funds for compensation for nuclear damage (Corporation Act, Article 41, paragraph (1)).

Nuclear operators have a duty to pay contributions (Corporation Act, Article 38). When they have received funds from the Corporation, nuclear operators have no duty to repay the funds.

A nuclear operator that has caused an accident needs to raise funds and capital for investment in facilities and expenses for reactor decommissioning etc., to ensure the stable supply of electricity. On the other hand, the nuclear operator is simultaneously forced to be in a difficult situation to do so because of a drop in its creditworthiness. Therefore, the Corporation is able not only to grant funds to the nuclear operator, but also to give financial assistance including by way of the loan of funds, share subscription and acquisition of bonds (Corporation Act, Article 41, paragraph (1)). This support enables the nuclear operator to implement smooth payment of compensation and to ensure the stable supply of electricity, etc.

- Special Financial Assistance

If the Corporation does not have enough reserve funds necessary to grant funds to a nuclear operator, the Corporation gives financial assistance by means of government aid (Article 45 of the Corporation Act). This financial assistance to them is referred to as "Special Financial Assistance".

Government aid is carried out by granting government bonds (Corporation Act, Article 48). These government bonds may be redeemed at any time, and the Corporation gives funds to a nuclear operator by means of the funds obtained by redeeming them.

The funds the nuclear operator obtained by means of the Special Financial Assistance may be used only for compensation for damage. While a nuclear operator may receive normal financial assistance without special conditions, a nuclear operator shall prepare a "Special Business Plan" jointly with the Corporation in order to receive the Special Financial Assistance (Corporation Act, Article 45). In consideration of the fact that the Special Financial Assistance is carried out by means of the government aid, the Special Business Plan requires to contain measures for rationalisation of management and clarification of management responsibility of the nuclear operator. In addition, it is required that the plan contains the measures to request co-operation of relevant persons in order to secure funds for compensation payment.

When preparing the plan, the Corporation shall value the nuclear operator's assets strictly as well as objectively and review its business management thoroughly, and shall

also confirm whether the requests for co-operation of relevant persons made by the nuclear operator are appropriate and sufficient.

After certifying the Special Business Plan, the government grants government bonds as government aid (Corporation Act, Article 45). It is possible that government aid is not given if the content of the Special Business Plan is judged to be inadequate.

A nuclear operator that receives the Special Financial Assistance is obliged to pay an additional contribution, the special contribution, separately from the normal contribution, the general contribution (Corporation Act, Article 52).

The Special Financial Assistance given to TEPCO has been implemented as a form of the Special Financial Assistance carried out in the case where a nuclear accident occurs while the Corporation does not have enough reserve funds (Supplementary Provisions of the Corporation Act, Article 3).

- Management of the Corporation

Only one Corporation shall be established (Corporation Act, Article 4). The capital subscribers are the government and non-governmental persons (Corporation Act, Article 5, paragraph (1)). Non-governmental capital subscribers are not limited to nuclear operators, while conversely, nuclear operators are not obliged to subscribe.

In fact, nuclear operators including TEPCO and a future nuclear operator (J-POWER) became capital subscribers as non-governmental persons, and a total of JPY 7 billion has been subscribed by them. The government has subscribed the same amount as the non-governmental subscribers (JPY 7 billion). The Corporation was established on 12 September 2011, with stated capital of JPY 14 billion.

The Corporation shall have one president, up to four directors and one auditor as officers (Corporation Act, Article 23). The officers carry out the ordinary management of the Corporation, while important decisions related to the business and management of the Corporation such as decisions on financial assistance are made by the "Management Committee" (Corporation Act, Article 15).

The Management Committee shall be composed of up to eight committee members, and the president and directors of the Corporation (Corporation Act, Article 16, paragraph (1)). The committee members shall be appointed from among persons with "expert knowledge and experience concerning the electricity business, economics, finance, law or accounting" (Corporation Act, Article 17). While the Corporation is a mutual support organisation, the Management Committee shall be established in order to ensure neutral and fair management.

(3) Persons who substantively bear the expenses for the compensation

When the Special Financial Assistance has been given, the Corporation has an obligation to pay to the Treasury up to the amount equal to the amount given by the government aid (Corporation Act, Article 59, paragraph (4)).

Since the Corporation pays to the Treasury the general contributions and the special contribution, electricity rates that nuclear operators earn will substantively be used for the payment to the Treasury. In Japan, the electricity rate system has adopted an approval system and "Cost of Service Rate-making Method". In the same way of insurance premiums paid out to take financial security, general contributions shall be admitted as "Cost of Service". Because the purpose of general contributions is to prepare for future compensation for nuclear damage, therefore, they shall be recognised as a cost necessary for nuclear electricity generation.

On the other hand, a special contribution shall not be admitted as "Cost of Service", and shall be paid out of "Fair Profit". The amount of the special contribution is specified each business year for the nuclear operator so that in principle no profit accrues.

Government aid under the Corporation Act is a scheme intended to avoid causing a financial burden because of the Corporation's payment to the Treasury. However, in the case where the amount of the Special Financial Assistance is too huge, when the Corporation intends to pay contributions to the Treasury, it would be inevitable that the contributions are set at an excessive amount over a long period. As just described, in the case where "an excessive amount of contributions [...] obstructs the smooth management of business activities of the reactor operation, etc. such as stable supply of electricity and any other operations, or imposes extreme burden on the users of the business, and hence poses the risk of causing unexpected disruption in the lives of the citizenry and the national economy", the government may grant necessary funds to the Corporation (Corporation Act, Article 68). Furthermore, an additional provision (Corporation Act, Article 51) was added in the Diet deliberation: "only when the government finds that the funds pertaining to the Granting of Funds are likely to be insufficient even after granting government bonds, it may grant necessary additional funds to the Corporation within the amount prescribed by the budget in order to secure the funds necessary to give said Granting of Funds". If the Corporation receives funds by way of these provisions, this reduces the burden of the contribution.

In this way, the compensation for damage arising from a nuclear accident is covered by the electricity rates by means of the mutual support scheme, and any eventual shortfall is covered by the financial burden (tax burden). However, thorough rationalisation of management, clarification of management responsibility and the payment of a special contribution, etc. are required for the nuclear operator as conditions of receiving the Special Financial Assistance. Thus, the scheme also imposes a significant burden on the nuclear operator that caused an accident.

(4) Businesses for facilitating smooth compensation for damage

The Corporation not only gives financial assistance. In order for the nuclear operator to support the smooth implementation of compensation for damage, the Corporation may carry out the following (Corporation Act, Articles 53 to 55):

1. provide necessary information and give advice to persons who suffer nuclear damage;
2. purchase the assets of the nuclear operator; and
3. implement affairs concerning compensation payment on behalf of the nuclear operator upon entrustment by it, and temporary payment[1] on behalf of the nuclear operator upon entrustment by the State and prefectural governor.

(5) Review clause

While support for TEPCO was closely connected with the energy policy, in circumstances where it was difficult to formulate the energy policy at an early stage and various views existed concerning the responsibility of the State, the Corporation Act was promptly enacted because the legal liquidation of TEPCO needed to be avoided, even if the costs including compensation for damage were expected to be huge. As a result, the bill submitted by the government included a review clause which provided that a review would be carried out in the future. During the Diet deliberation, the review clause was amended to comprehend wider content including reviewing the Compensation Act (Supplementary provisions of the Corporation Act, Article 6).

(See :"Outline of the Nuclear Damage Compensation Facilitation Corporation Act", p. 229.)

1. Temporary payment on behalf of the nuclear operator by the State based on the Act on Emergency Measures Related to Damage Caused by the 2011 Nuclear Accident.

3. Government aid for TEPCO

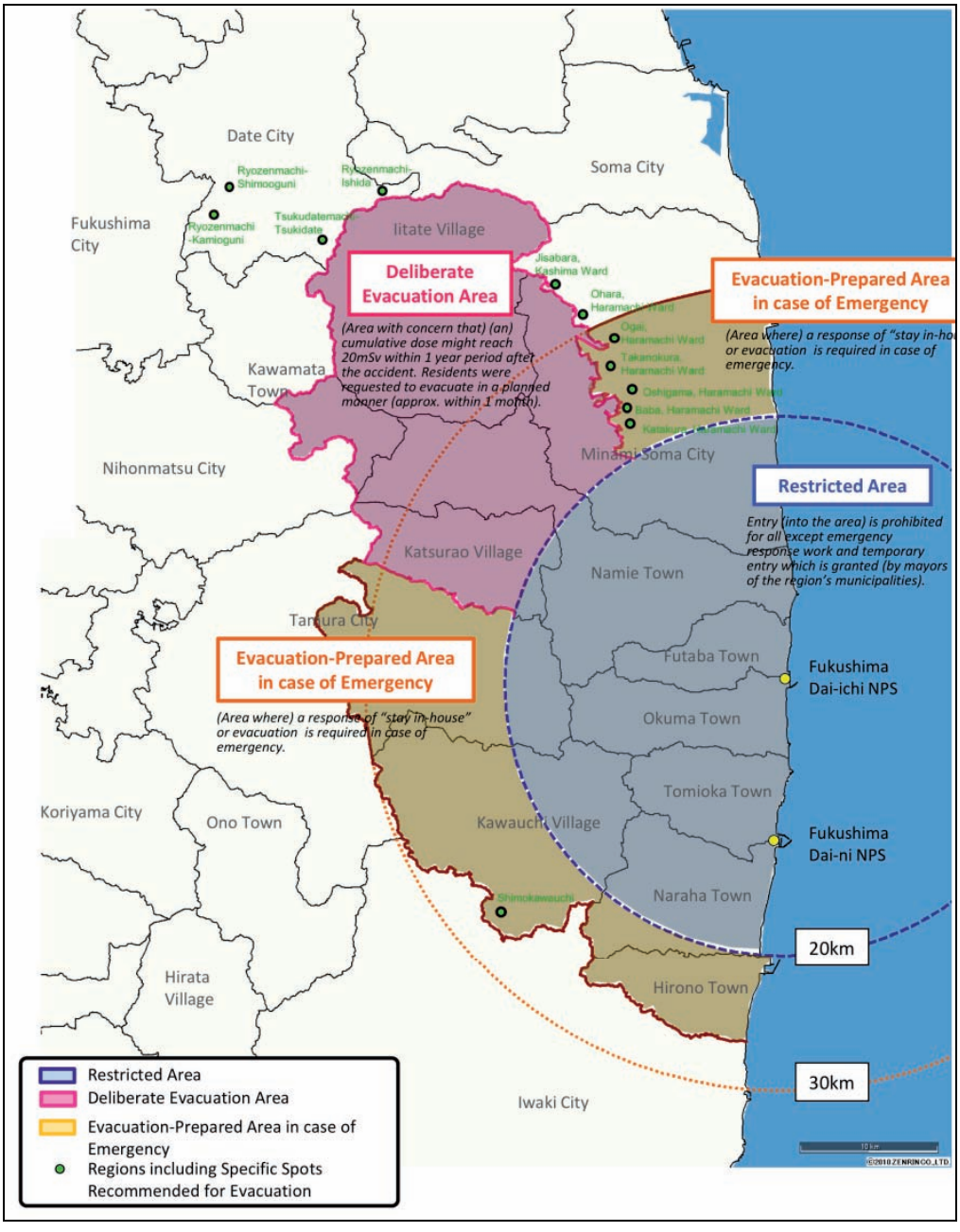
On 28 October 2011, TEPCO applied for the financial assistance to the Corporation. In response to this, the Corporation prepared the Special Business Plan and submitted it to the government for certification jointly with TEPCO. The Special Business Plan was essentially prepared from a medium-term perspective. However, in consideration of the urgency of giving the Special Financial Assistance to TEPCO, on 4 November 2011, the Special Business Plan containing no medium-term plans was certified as an emergency measure ("Emergency Special Business Plan") on the premise of preparing a comprehensive version of the Special Business Plan ("Comprehensive Special Business Plan").[2]

On 27 April 2012, the Corporation and TEPCO applied for certification of the Comprehensive Special Business Plan which included renewal of the management setup, thorough rationalisation of management and cost reduction, and medium-term plans concerning the business and the balance of payments. In the Comprehensive Special Business Plan, the amount of compensation was estimated at approximately JPY 2.5 trillion, which was estimated at JPY 1 trillion in the Emergency Special Business Plan in November of last year, and at JPY 1.7 trillion in the revised Emergency Special Business Plan in February of this year. In addition, for the purpose of strengthening TEPCO's financial basis, the Corporation would subscribe TEPCO's shares for JPY 1 trillion. In regard to rationalisation of management, TEPCO would reduce costs by more than JPY 3.4 trillion in ten years. Moreover, concerning the co-operation of the stakeholders, the shareholders would not earn dividends for the time being, and the financial institutions would be requested to loan additional financing in addition to maintaining TEPCO's outstanding debt on 11 March 2011. Finally, the Comprehensive Special Business Plan was certified on 9 May 2012.

2. See TEPCO's website for details of the Comprehensive Special Business Plan (May 2012): www.tepco.co.jp/en/press/corp-com/release/betu12_e/images/120509e0104.pdf.

Map 1: Restricted Areas and areas to which evacuation orders have been issued

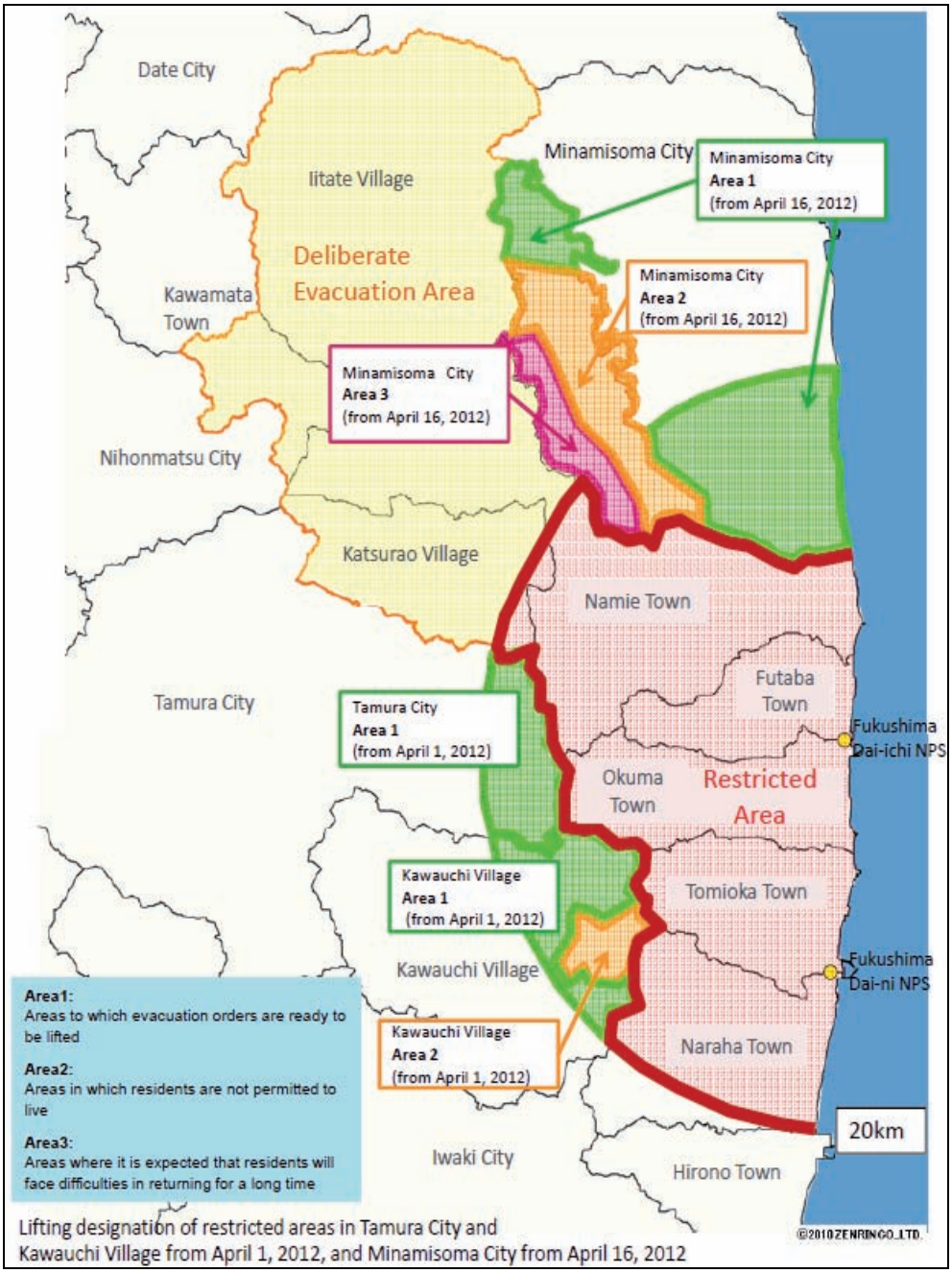
(from 3 August 2011)



Source: Ministry of Economy, Trade and Industry.

Map 2: Restricted Areas and areas to which evacuation orders have been issued

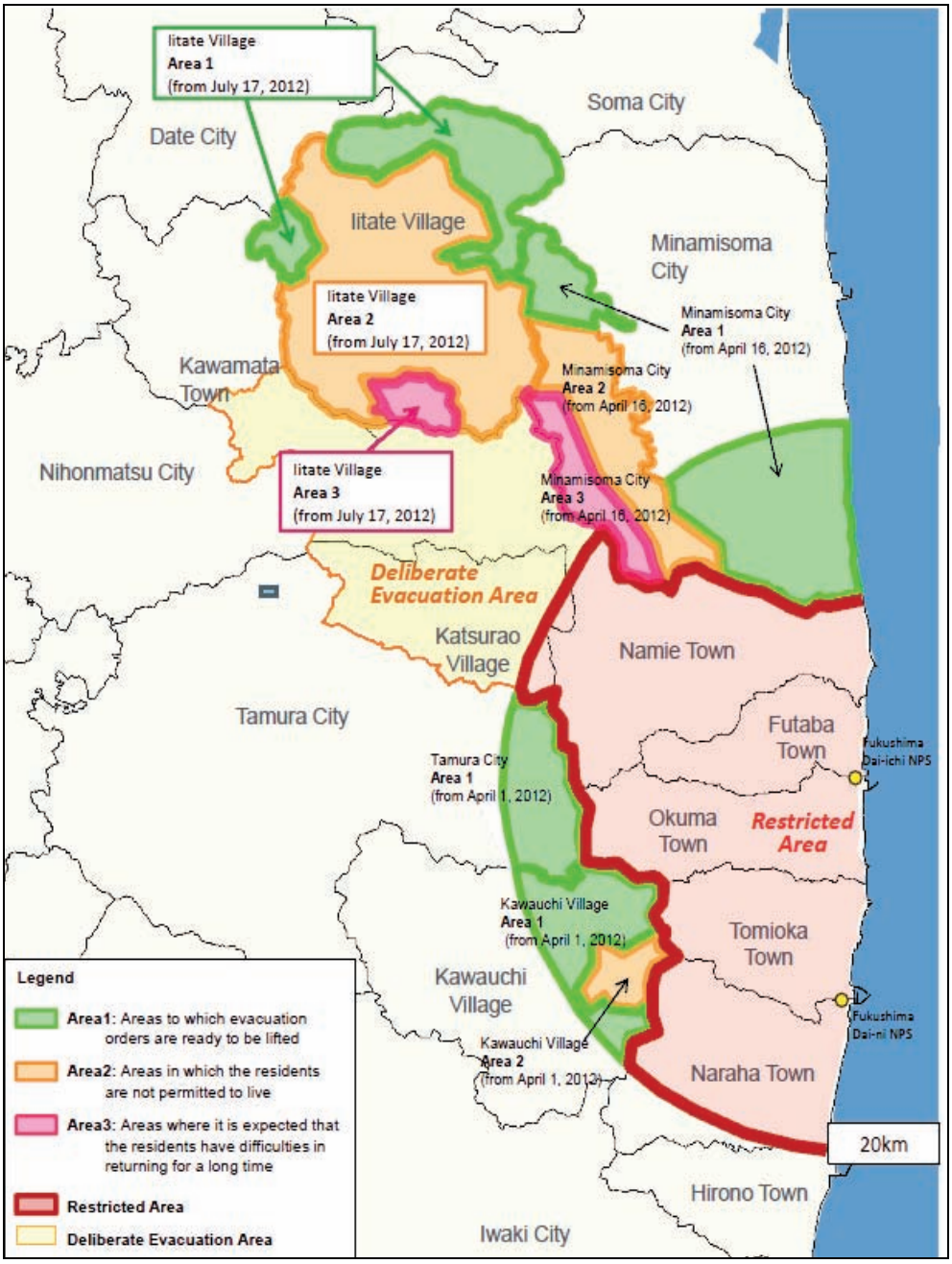
(from 1 April 2012)



Source: Ministry of Economy, Trade and Industry.

Map 3: Restricted Areas and areas to which evacuation orders have been issued

(from 15 April 2012)



Source: Ministry of Economy, Trade and Industry.

Table 1: Nuclear power plants worldwide: 435 reactors in operation; 62 under construction (UC)

Argentina	2 + 1 UC	Mexico	2
Armenia	1	Netherlands	1
Belgium	7	Pakistan	3 + 2 UC
Brazil	2 + 1 UC	Romania	2
Bulgaria	2	Russian Federation	33 + 11 UC
Canada	20	Slovak Republic	4 + 2 UC
China	16 + 26 UC	Slovenia	1
Czech Republic	6	South Africa	2
Finland	4 + 1 UC	Spain	8
France	58 + 1 UC	Sweden	10
Germany	9	Switzerland	5
Hungary	4	Taiwan	6 + 2 UC
India	20 + 7 UC	Ukraine	15 + 2 UC
Iran, Islamic Republic of	1	United Arab Emirates	1 UC
Japan	50 + 2 UC	United Kingdom	16
Korea, Republic of	23 + 4 UC	United States	104 + 1 UC

Source: IAEA Power Reactor Information System (PRIS), www.iaea.org/pris/ (data posted as of 8 November 2012).

Table 2: Nuclear power generating states and international nuclear liability conventions – Status of ratifications (as of November 2012)

Argentina	VC; RVC; CSC	Mexico	VC
Armenia	VC	Netherlands	PC; BSC; JP; RPC; RBSC
Belgium	PC; BSC; RPC; RBSC	Pakistan	
Brazil	VC	Romania	VC; JP; RVC; CSC
Bulgaria	VC; JP	Russian Federation	VC
Canada		Slovak Republic	VC; JP
China		Slovenia	PC; BSC; JP; RPC; RBSC
Czech Republic	VC; JP	South Africa	
Finland	PC; BSC; JP; RPC; RBSC	Spain	PC; BSC; RPC; RBSC
France	PC; BSC; RPC; RBSC	Sweden	PC; BSC; JP; RPC; RBSC
Germany	PC; BSC; JP; RPC; RBSC	Switzerland*	PC; BSC; RPC; RBSC
Hungary	VC; JP	Taiwan	
India	(signed CSC)	Ukraine	VC; JP
Iran, Islamic Republic of		United Arab Emirates	RVC; JP
Japan		United Kingdom	PC; BSC; RPC; RBSC
Korea, Republic of		United States	CSC

PC: 1960 Paris Convention on Third Party Liability in the Field of Nuclear Energy (Paris Convention).
BSC: 1963 Brussels Convention Supplementary to the Paris Convention (Brussels Supplementary Convention).
RPC: 2004 Protocol to amend the Paris Convention (Revised Paris Convention – *not in force*).
RBSC: 2004 Protocol to amend the Brussels Supplementary Convention (Revised Brussels Supplementary Convention – *not in force*).
VC: 1963 Vienna Convention on Civil Liability for Nuclear Damage (Vienna Convention).
RVC: 1997 Protocol to Amend the Vienna Convention (Revised Vienna Convention).
JP: 1988 Joint Protocol Relating to the Application of the Vienna Convention and the Paris Convention.
CSC: 1997 Convention on Supplementary Compensation (*not in force*).
* Switzerland deposited its instrument of ratification of the PC and BSC as amended by the 2004 Protocols; therefore such conventions shall only enter into force for Switzerland upon the entry into force of the 2004 Protocols.

Table 3: Comparative overview of the scale of the greatest earthquakes and tsunami

Great world earthquakes		Great earthquakes in Japan	
Earthquakes (from 20th century)	Magnitude	Earthquakes (after Edo period)	Magnitude
Chile (1960)	9.5	Tohoku (2011)	9.0
Alaska (1964)	9.2	Hoei (1707)	8.6
Sumatra (2004)	9.1	Ansei Tokai (1854)	8.4
Tohoku (2011)	9.0	Ansei Nanakai (1854)	8.4
Kamchatka (1954)	9.0	Meiji Sanriku (1896)	8.2-8.5

Source: United States Geological Survey.

Source: The Headquarters for Earthquake Research Promotion.

Reference: Intensity at Fukushima Daiichi nuclear power plant is 6+ magnitude, which was observed at seven places in Japan for the 2001-2010 period.

Great world tsunami		Great tsunami in Japan	
Places	Height (m)	Earthquakes (after Edo period)	Height (m)
Shoup Bay (Alaska) (1964)	67.1	Meiji Sanriku (Sanriku-cho ryori) (1896)	38.2
Rhiting (Smatora/Indonesia) (1930)	48.9	Tohoku (Miyako) (2011)	38.0
Tohoku (Miyako) (2011)	38.0	Hokkaido Nansei Oki (Okushiri) (1993)	31.7
Scotch Cap (Alaska) (1946)	35.0	Yaeyama (Ishigaki Island) (1771)	≈ 30
		Meiji Sanriku (Tanohata) (1896)	29.1

Source: National Oceanic and Atmospheric Administration, Fact-finding Mission of Yokohama National University and Disaster Prevention Research Institute of Kyoto University.

Source: Japanese Tsunami Damage Comprehensive List.

Based on a presentation made by the Delegation of Japan to the OECD during the NEA Nuclear Law Committee meeting held on 21-22 March 2012.

Figure 1: Outline of the Interim Guidelines

1.1: Determination of the scope of nuclear damage resulting from the accident at the Tokyo Electric Power Company (TEPCO) Fukushima nuclear power plant

Background

- In order to facilitate smooth compensation, the Dispute Reconciliation Committee for Nuclear Damage Compensation has formulated guidelines for determining the scope of nuclear damage, etc., in order of priority starting with the highest probability of nuclear damage.
  - Preliminary Guidelines (28 April 2011): Damage related to Government Instructions, etc.
  - Secondary Guidelines (31 May 2011, supplement on 20 June 2011): So-called "rumour-related" damage and mental anguish damage resulting from evacuation, etc.

Characterisation of the Interim Guidelines

- *The Interim Guidelines provide an overall picture of the scope of nuclear damage*, including the scope of damage indicated in previous guidelines.
- Rather than immediately disallowing compensation for something not encompassed by the Interim Guidelines, it may be possible for damage to be recognised as having a sufficient causal relationship to the Accident based on the individual, specific circumstances.
- Moving forward, as the Accident is brought to a resolution and circumstances change, including change of the Evacuation Areas, *consideration will be given, as necessary, to the matters to be specified in the guidelines*.

Source: Dispute Reconciliation Committee for Nuclear Damage Compensation (5 August 2011).

1.2: Determination of damage according to areas subject/not subject to government instructions

Areas subject to Government Instructions, etc.

I. Damage associated with evacuation, etc.
(Evacuation Area [Restricted Area], In-house Evacuation Area, Deliberate Evacuation Area, Evacuation-Prepared Area in Case of Emergency, Evacuation Recommendation Spot, areas for which temporary evacuation was requested by Minami-soma City).

- **Evacuation, temporary access, homecoming expenses**
  - Evacuation expenses *(transport and accommodation expenses, removal expenses for household belongings, etc.).*
- **Examination expenses** (human)
- **Injury or death**
  - Medical treatment expenses, etc. due to deterioration in state of health, etc. resulting from evacuation, etc.
- **Mental anguish**
  - JPY 100 000/month for 6 months after accident *(Stage 1) (JPY 120 000 for living in a gymnasium, etc.).*
  - JPY 50 000/month for the 6-month period from the end of stage 1 *(stage 2)*, etc.
- **Loss or reduction, etc. of property value**
- **Business damage** *(Agriculture, forestry and fisheries, general industry including manufacturing)*
  - Fall in revenue from sales, trading, etc.
  - Additional costs such as product disposal expenses, office relocation.
- **Damage due to incapacity to work**
- **Examination expenses** *(material)*
  - Cost of testing for products for contamination.

II. Damage related to establishment of Marine Exclusion Zone, no-fly zone

- **Business damage** *(fishing operator, shipping operator, passenger shipping operator, air carrier, etc.).*
  - Fall in revenue due to operational difficulty.
  - Increase in costs due to circumnavigation.
- **Damage due to incapacity to work.**

III. Damage associated with Shipping Restriction Orders for agricultural/ forestry/fisheries products *(including processed goods)* **and food products** *(shipment/planting restrictions, restricted grazing or pasture grass provision, sales ban, testing based on Food Sanitation Act, etc.)*

- **Business damage** *(operator engaged in agriculture/forestry/fisheries, distributor, etc.)*
  - Fall in revenue due to shipment being abandoned, etc.
  - Additional costs such as product disposal expenses.
  - Damage due to incapacity to work.
  - Examination expenses *(material).*

IV. Other damage associated with government instructions, etc.
(Restrictions on the consumption of drinking water, guidance on the handling of water supply and sewerage by-products, notices concerning the use of school facilities/yards, etc.).

- **Business damage**
  - Cost of measures to provide replacement water, store sludge, reduce radiation levels in school yards, etc.
- **Damage due to incapacity to work**
- **Examination expenses** *(material)*

Areas not subject to Government Instructions, etc.

V. So-called "rumour-related" damage *(see Figure 1.3)*

- **General criteria**
  - The psychological state of wanting to avoid something due to concern about the risk of contamination with radioactive material is reasonable from the perspective of an average, ordinary person.
  - As a general rule, indicate the types that are allowable as damage.

  Note: Categorised into different types including agriculture/forestry/fisheries, food industry, tourism, manufacturing (see next page for details)
- **Business damage**
  - Fall in revenue due to drop in trading volume, price reductions
  - Additional costs such as product disposal expenses
- **Damage due to incapacity to work**
- **Examination expenses** *(material)*

VI. So-called "Indirect Damage"

In connection with a Primary Victim who has sustained damage under I-V above, the following is allowed as damage with a sufficient causal relationship: "a case in which trading is non-replaceable *(where damage is inevitable as customers or suppliers are limited geographically, due to the nature of the business)*".

Example of business damage of Indirect Victim:

- A store adjacent to an Evacuation Area in which the majority of customers have evacuated, which has seen a fall in sales, etc.
- Ice maker, broker, etc. in a fishing port where no fish are being landed due to business being suspended

VII. Others

- **Damage resulting from exposure to radiation**
  - Acute and late-onset radiation damage suffered by nuclear power plant workers and self-defence force officials engaged in the recovery effort, civilians, etc.
- **Adjustment between various benefits, etc. and damage compensation payments.**
- **Property damage sustained by local governments, etc.**

In addition to the scope encompassed by the Secondary Guidelines (31 May 2011; agriculture/forestry/fisheries and, part of the tourism sector), the Interim Guidelines clearly specify the scope of "rumour-related" damage, **based on the results of detailed damage investigation by expert advisers**.

"Rumour-related" damage to agriculture/forestry/fisheries, food industry

Agricultural/forestry products (excluding tea and livestock products, limited to use in food): *Fukushima, Ibaraki, Tochigi, Gunma, Chiba, Saitama prefectures.*

Tea: *Fukushima, Ibaraki, Tochigi, Gunma, Chiba, Saitama, Kanagawa, Shizuoka prefectures.*

Livestock products (limited to use in food): *Fukushima, Ibaraki, Tochigi prefectures.*

Beef (beef cattle contaminated with cesium): *Hokkaido, Aomori, Iwate, Miyagi, Akita, Yamagata, Fukushima, Ibaraki, Tochigi, Gunma, Saitama, Chiba, Niigata, Gifu, Shizuoka, Mie, Shimane.**

** Note: The same treatment shall apply if a fall in beef prices is confirmed in prefectures other than those listed above, due to distribution/use of newly contaminated rice straw.*

Fisheries products (limited to use in food and animal feed): *Fukushima, Ibaraki, Tochigi, Gunma, Chiba prefectures.*

Flowers: *Fukushima, Ibaraki, Tochigi prefectures.*

Other agricultural/forestry/fisheries products (timber, etc.): *Fukushima prefecture.*

Agricultural/forestry/fisheries processed products, foods:
- Main office or factory is in Fukushima prefecture.
- Main raw material is among the above mentioned products, etc.

Damage other than the above:
- Compensation is allowable where a sufficient causal relationship exists, taking into consideration factors such as reluctance in purchasing and shipment restrictions.

"Rumour-related" damage to tourism

Areas in which at least a sufficient causal relationship is acknowledged:
Fukushima, Ibaraki, Tochigi, Gunma prefectures.

Damage related to foreign tourists
Cancellations exceeding the normal cancellation rate up until 31 May 2011 (whole of Japan excluding the above 4 prefectures).

Damage other than the above
- Compensation will be allowable, regardless of the region, according to the individual, specific circumstances, where a sufficient causal relationship exists in relation to damage resulting from cancellation, reluctance in booking, etc.

"Rumour-related" damage to the manufacturing and service sectors

Domestic manufacturing/services, etc.
- Damage related to goods/services, etc. made or sold in Fukushima prefecture

  E.g.: Textile products manufactured in Fukushima prefecture, rejection of cargo by operators from outside the prefecture
- Damage resulting from operators refusing to visit Fukushima prefecture

  E.g.: Refusal of transport operators to visit, cancellation of events such as art exhibitions
- Damage arising from avoidance of collecting sludge from water and sewerage systems (including products that are raw materials)

Services dependent on foreign visitors, etc.
- Cancellations up until 31 May 2011 (the whole of Japan)

  E.g.: Refusal of foreign artists to visit, refusal of foreign vessels to call at port.

"Rumour-related" damage to exports

Costs of testing, issuance of certificates, etc. requested by destination countries:
- Costs of testing, issuance of certificates, etc. due to import regulations in destination countries or where requested by customers, etc. (for the time being, the whole Japan).

Damage resulting from refusal to import
- Damage arising at the point of refusal to import by a destination country (import regulations or refusal by customer), where the goods have already been exported or production/manufacturing has started (the whole of Japan).

General criterion for "rumour-related" damage:
- The psychological state of wanting to avoid something due to concern about the risk of contamination with radioactive material is reasonable from the perspective of an average, ordinary person.

Scope of "rumour-related" damage:
- Categorised sectors (agriculture/forestry/fisheries, food, industry, tourism, manufacturing, services, exports).
- Concerning specific damage that cannot be categorised, verify a sufficient causal relationship on a case-by-case basis, with reference to the general criteria.

Figure 2: Progress in provisional/main compensation payments by TEPCO

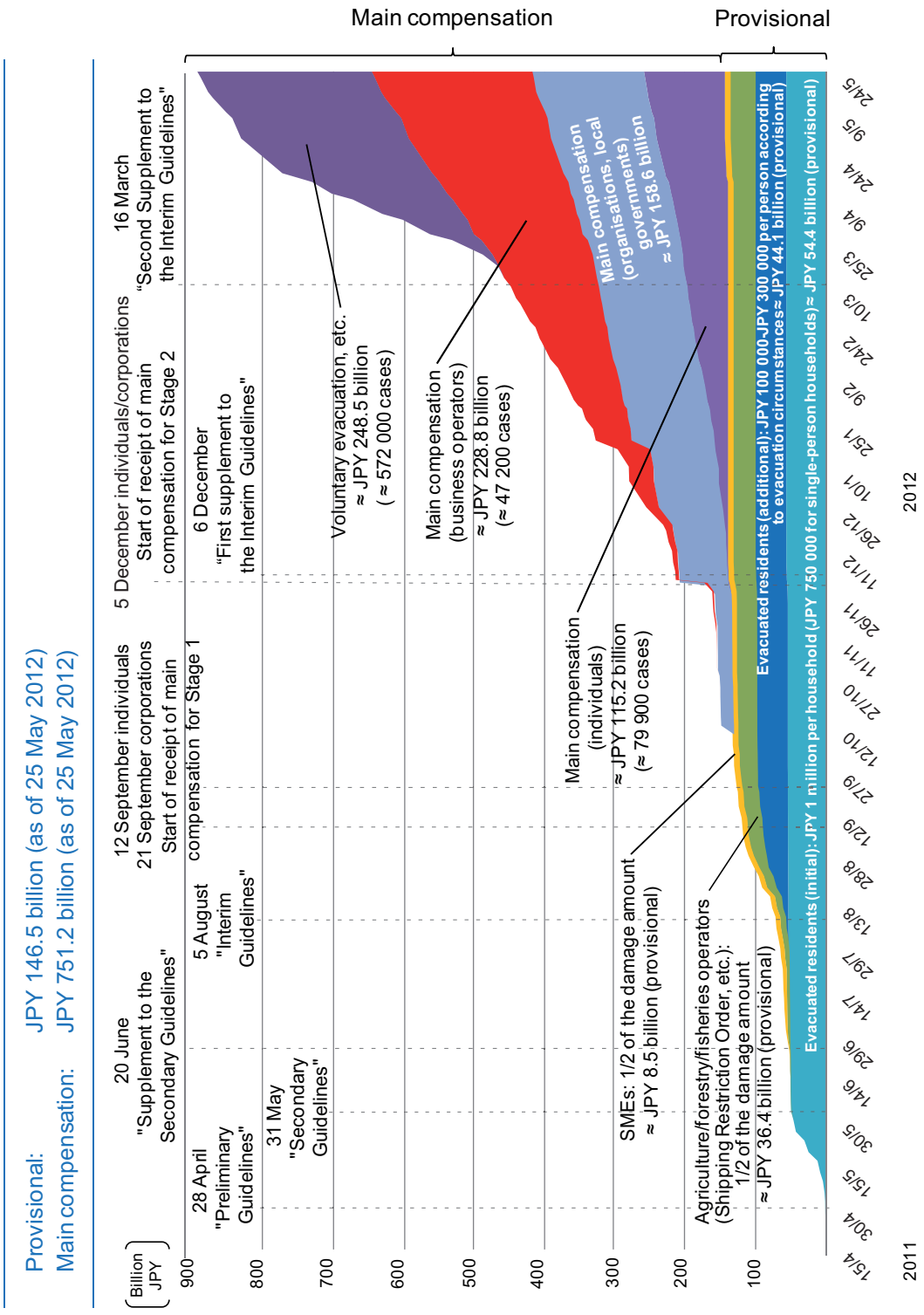


Figure 3: Estimated total amount of compensation

Management and Finance Investigative Committee concerning Tokyo Electric Power Company

(3 October 2011)

- A provisional calculation of the amount of compensation to be paid by TEPCO has been carried out based on the Interim Guidelines drawn up by the Dispute Reconciliation Committee for Nuclear Damage Compensation, using miscellaneous macro statistical data.

  Note: As this is a macro estimate, there could be an over-estimation.

- An estimate was made of the compensation amount for each fiscal year (1st year ≈ JPY 1.246 trillion; 2nd and subsequent years ≈ JPY 897.2 billion/year) and the compensation amount for assets/temporary factors (≈ JPY 2.6184 trillion).

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1. Estimate of compensation during period until accident resolution:
   1st year ≈ JPY 1.246 trillion; 2nd and subsequent years ≈ JPY 897.2 billion/year.

Main breakdown of 1st year compensation:

- Evacuation/homecoming expenses: ≈ JPY 113.9 billion.
- Mental anguish damages: ≈ JPY 127.6 billion.
- Business damages: ≈ JPY 191.5 billion.
- Damages associated with incapacity: ≈ JPY 264.9 billion.
- Temporary entry expenses: ≈ JPY 7.9 billion, etc.

Example of estimation method: basis for calculation of business damages – business surplus, number of business operators, etc. for each municipality as detailed in the "Fukushima Prefecture Civic Economy Statistics".

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2. Estimate of compensation for temporary damage such as loss of property value and "rumour-related" damage ≈ JPY 2.6184 trillion.

- Loss of / reduction in property value, etc. (loss of value due to exposure, etc.) ≈ JPY 570.7 billion.
- So-called "rumour-related" damage (agriculture/forestry/fisheries, tourism, manufacturing, services, etc.) ≈ JPY 1.3039 trillion, etc.

Example of estimation method: basis for calculation of "rumour–related" damage in agriculture, forestry and fisheries – amount of consumer expenditure in "Family Income and Expenditure Survey", amount of imports/exports in "Trade Statistics", etc.

Important notes

- Cases where decontamination expenses exceed the property value are not taken into account.
- Damage types not mentioned in the Interim Guidelines (e.g. voluntary evacuation) are not included in the estimate, but there are some types of damage where a sufficient causal relationship to the Accident could be recognised in the future.
- This provisional calculation is only a macro estimate, and it has been considered completely independently of the necessity for TEPCO to make accounting provisions.

Act on Compensation for Nuclear Damage

(Act No. 147 of 1961)

As amended by Act No. 19 of 17 April 2009

Part I

General provisions

Section 1. Purpose

The purpose of this Act is to protect persons suffering from nuclear damage and to contribute to the sound development of the nuclear industry by establishing the basic system regarding compensation in case of a nuclear damage caused by reactor operation, etc.

Section 2. Definitions

As used in this Act, "reactor operation etc." means any activity which comes under any one of the following cases below as well as any incidental transport, storage and disposal of nuclear fuel or material contaminated by nuclear fuel (including nuclear fission products; this applies also to sub-paragraph (v)), as provided by Cabinet Order:

(i) reactor operation;

(ii) production;

(iii) reprocessing;

(iv) use of nuclear fuel;

(iv-2) storage of spent fuel;

(v) waste disposal of nuclear fuel or material contaminated by nuclear fuel (referred to as "nuclear fuel etc." in the following paragraph and in Section 3, paragraph 2).

2. As used in this Act, "nuclear damage" means any damage caused by the effects of the fission process of nuclear fuel, or of the radiation from nuclear fuel etc., or of the toxic nature of such materials (which means effects that give rise to toxicity or its secondary effects on the human body by ingesting or inhaling such materials); however, any damage suffered by the nuclear operator who is liable for such damage pursuant to the following Section, is excluded.

3. As used in this Act, "nuclear operator" means any person as specified under any one of the following sub-paragraphs (including a person who had been deemed so previously).

(i) A person who is granted a permit as provided in Section 23, paragraph 1 of the Act for the Regulation of Nuclear Source Material, Nuclear Fuel and Reactors (Act No. 166 of 1957; "Regulation Act") (including a national licence under the provisions of the same paragraph applying instead by virtue of Section 76 of the Regulation Act) (including a person who is regarded as a reactor operator pursuant to Section 39, paragraph 5 of the Regulation Act).

(ii) A person who is granted a permit as provided in Section 23-2, paragraph 1 of the Regulation Act.

(iii) A person who is granted a licence as provided in Section 13, paragraph 1 of the Regulation Act (including a national licence under the provisions of the same paragraph applying instead by virtue of Section 76 of the Regulation Act).

(iv) A person who is granted a licence as provided in Section 43-4, paragraph 1 of the Regulation Act (including a national licence under the provisions of the same paragraph applying instead by virtue of Section 76 of the Regulation Act).

(v) A person who is granted a licence as provided in Section 44, paragraph 1 of the Regulation Act (including a national licence under the provisions of the same paragraph applying instead by virtue of Section 76 of the Regulation Act).

(vi) A person who is granted a licence as provided in Section 51-2, paragraph 1 of the Regulation Act (including a national licence under the provisions of the same paragraph applying instead by virtue of Section 76 of the Regulation Act).

(vii) A person who is granted a licence as provided in Section 52, paragraph 1 of the Regulation Act (including a national licence under the provisions of the same paragraph applying instead by virtue of Section 76 of the Regulation Act).

4. As used in this Act, "reactor" means a reactor as provided in Section 3, paragraph 4 of the Basic Atomic Energy Act (Act No. 186 of 1955), "nuclear fuel" means nuclear fuel as provided in Section 3, paragraph 2 of the Basic Atomic Energy Act (including spent fuel as provided in Section 2, paragraph 8 of the Regulation Act), "production" means production as provided in Section 2, paragraph 7 of the Regulation Act, "reprocessing" means reprocessing as provided in Section 2, paragraph 8 of the Regulation Act, "storage of spent fuel" means the storage of spent fuel as provided in Section 43, paragraph 4(1) of the Regulation Act; "waste disposal of nuclear fuel or material contaminated by nuclear fuel", means the underground disposal of waste and waste management as provided in Section 51, paragraph 2(1) of the Regulation Act; "radiation" means radiation as provided in Section 3, paragraph 5 of the Basic Atomic Energy Act, and "nuclear ship" and "foreign nuclear ship" mean nuclear ship and foreign nuclear ship as provided in Section 23-2, paragraph 1 of the Regulation Act.

Part II

Liability for nuclear damage

Liability without fault, channelling of liability, etc.

Section 3

Where nuclear damage is caused as a result of reactor operation etc. during such operation, the nuclear operator who is engaged in the reactor operation etc. on this occasion shall be liable for the damage, except in the case where the damage is caused by a grave natural disaster of an exceptional character or by an insurrection.

2. Where nuclear damage is covered by the preceding paragraph and if the damage is caused as a result of the transport of nuclear fuel etc. between nuclear operators, the nuclear operator who is the consignor of the nuclear fuel etc. shall be liable for the damage unless there is a special agreement between the nuclear operators.

Section 4

Where nuclear damage is covered by the preceding Section, no person other than the nuclear operator who is liable for the damage pursuant to the preceding section shall be liable for the damage.

2. Where nuclear damage is covered by paragraph 1 of the preceding Section, the liability of a nuclear operator who furnishes the financial security as provided in Section 7-2, paragraph 2 and wants a foreign nuclear ship to enter into Japanese territorial waters shall be limited to the amount as provided in Section 7-2, paragraph 2.

3. The provisions of Section 798, paragraph 1 of the Trade Act (Act No. 48 of 1899), the Act relating to the Limitation of the Liability of Shipowners (Act No. 94 of 1975) and the Products Liability Act (Act No. 85 of 1994), shall not apply to nuclear damage which is caused as a result of reactor operation etc.

Section 5. Rights of recourse

Where nuclear damage is covered by Section 3 and if the damage is caused by the wilful act of a third party, the nuclear operator who has compensated the damage pursuant to Section 3 shall retain a right of recourse against such third party.

2. The provisions of the preceding paragraph shall not prevent a nuclear operator from entering into a special agreement with any person regarding rights of recourse.

Part III

Financial security

CHAPTER 1

Financial security

Section 6. Duty to provide financial security

A nuclear operator is prohibited from reactor operation etc. unless financial security for compensation of nuclear damage (hereinafter referred to as "financial security") has been provided.

Details of financial security

Section 7

Except when the provisions of the following section are applicable, financial security shall be provided by the conclusion of a contract of liability insurance for nuclear damage and an indemnity agreement for compensation of nuclear damage or by a deposit, approved by the Minister of Education, Culture, Sports, Science and Technology (MEXT) as an arrangement that makes available for compensation of nuclear damage, JPY 120 billion (in case of such reactor operation etc. the Cabinet Order may provide for a lesser amount than JPY 120 billion; hereinafter this amount is referred to as "financial security amount") for each installation or site or nuclear ship, or by an equivalent arrangement approved by MEXT.

2. Where the amount available for compensation of nuclear damage falls below the financial security amount because the nuclear operator has paid compensation for nuclear damage pursuant to Section 3, MEXT may, if it deems it necessary to ensure full compensation of nuclear damage, order the nuclear operator to bring the amount available for compensation of nuclear damage up to the financial security amount by a given time.

3. In the case provided for in the preceding paragraph, the preceding section shall not apply until the Order is made pursuant to the preceding paragraph (until the time designated by the Order, where such an Order has been made pursuant to the preceding paragraph).

Section 7-2

Where a nuclear operator wants a nuclear ship to enter into foreign territorial waters, financial security shall be provided by the conclusion of a contract of liability insurance for nuclear damage and an indemnity agreement for compensation of nuclear damage or by other financial security, approved by MEXT as an arrangement that is sufficient for the compensation of nuclear damage, in the amount agreed between the government of Japan and the government of such foreign country and subscribed by the nuclear operator of the nuclear ship who is liable for the compensation of nuclear damage.

2. Where a nuclear operator wants a foreign nuclear ship to enter into Japanese territorial waters, the financial security shall be that approved by MEXT as an arrangement that is sufficient for the compensation of nuclear damage, in the amount (not less than JPY 36 billion in respect of nuclear damage caused by any one incident) agreed between the government of Japan and the government of such foreign country and subscribed by the nuclear operator of the foreign nuclear ship liable for the compensation of nuclear damage.

CHAPTER 2

Contract of liability insurance for nuclear damage

Contract of liability insurance for nuclear damage

Section 8

The contract of liability insurance for nuclear damage ("liability insurance contract") shall be the contract under which an insurer undertakes to indemnify a nuclear operator for his loss arising from compensating nuclear damage, where the nuclear operator becomes liable for such nuclear damage, and under which the insurance policy holder has undertaken to pay a premium to the insurer (this provision applies only to a person who is authorised to engage in liability insurance activities pursuant to the Insurance Business Act (Act No. 105 of 1995), such as a risk insurance company under Section 2, paragraph 4 of this same act, or a foreign risk insurance company under paragraph 9 of the same Section, this being the meaning given to the term "insurer" used hereafter).

Section 9

Any person suffering from nuclear damage shall, with regard to his claim for such nuclear damage, have priority over other creditors in respect of compensation from the amount provided by the liability insurance contract.

2. The insured may request the insurer to make the insurance payment only to the extent of the amount of compensation which the insured has paid or to the extent to which the insured has acquired the consent of persons suffering from nuclear damage.

3. The right to request insurance payment under the liability insurance contract shall not be assigned, mortgaged or seized; however, a person who has suffered nuclear damage may proceed with a seizure with regard to his claim for nuclear damage.

CHAPTER 3

Indemnity agreements for compensation of nuclear damage

Indemnity agreements for compensation of nuclear damage

Section 10

An indemnity agreement for compensation of nuclear damage ("indemnity agreement") shall be the contract by which the Government undertakes to indemnify a nuclear operator for his loss arising from compensating nuclear damage not covered by the liability insurance contract or other financial security for compensation of nuclear damage, where the nuclear operator becomes liable for such damage, and under which that operator has undertaken to pay an indemnity fee to the Government.

2. Provisions relating to indemnity agreements shall be laid down in another act.

Section 11

The provisions of Section 9 shall apply *mutatis mutandis* to the indemnity payment under the indemnity agreement.

CHAPTER 4

Deposit

Section 12. Deposit

A deposit for financial security shall be made in the Legal Affairs Bureau or the District Legal Affairs Bureau nearest to the main office of the nuclear operator, either in cash or in securities as provided by MEXT (including electronic securities specified in the Act on the Transfer of Securities such as shares, company bonds etc. (Act No. 75 of 2001) Section 278, paragraph 1. This provision applies also to what follows in this chapter).

Section 13. Payment from deposit

Any person suffering nuclear damage may, with regard to his claim for compensation, receive compensation from the cash or securities deposited by the nuclear operator pursuant to the preceding section.

Section 14. Withdrawal of deposit

A nuclear operator may, in the following cases, withdraw the cash or securities deposited pursuant to Section 12 with the approval of MEXT where:

(i) the nuclear damage has been compensated;

(ii) financial security other than the deposit has been provided;

(iii) reactor operation etc. has ceased.

2. When MEXT grants an approval under the preceding sub-paragraphs (ii) or (iii), it may, to the extent that it deems it necessary to ensure full compensation of nuclear damage, designate the time when the nuclear operator may withdraw cash or securities, as well as the amount of such withdrawal.

Section 15. Specifications by Orders

Provisions regarding deposits other than those provided in this chapter shall be promulgated by Orders of MEXT and the Ministry of Justice.

Part IV

Measures taken by the State

Section 16

Where nuclear damage occurs, the Government shall give a nuclear operator (except the nuclear operator of a foreign nuclear ship) such aid as is required for him to compensate the damage, when the actual amount which he should pay for the nuclear damage pursuant to Section 3 exceeds the financial security amount and when the Government deems it necessary in order to attain the objectives of this Act.

2. Aid as provided for in the preceding paragraph shall be given to the extent that the Government is authorised to do so by decision of the National Diet.

Section 17

Where the provision for exoneration in Section 3, paragraph 1 applies or where nuclear damage is deemed to exceed the amount provided under Section 7-2, paragraph 2, the Government shall take the necessary measures to relieve victims and to prevent the damage from spreading.

Part V

Dispute Reconciliation Committee for Nuclear Damage Compensation

Section 18. Dispute Reconciliation Committee for Nuclear Damage Compensation

The Dispute Reconciliation Committee for Nuclear Damage Compensation ("Reconciliation Committee") may be established as an organisation attached to MEXT, pursuant to the provisions laid down by Cabinet Order; this Committee shall be in charge of mediating reconciliation of any dispute arising from compensation of nuclear damage and of preparing general instructions to help operators reach a voluntary settlement of such disputes.

2. The Reconciliation Committee shall:

(i) mediate reconciliation of any dispute arising from compensation of nuclear damage;

(ii) in the event of a dispute arising from compensation of nuclear damage, draft guidelines establishing the scale of the nuclear damage and other general instructions to help operators reach a voluntary settlement of the said dispute;

(iii) investigate and assess nuclear damage as necessary for dealing with the matters mentioned in (i) and (ii) above.

3. Provisions regarding the organisation and operation of the Reconciliation Committee as well as procedures for a request for, and conduct of, mediation other than those provided in paragraphs 1 and 2 shall be promulgated by Cabinet Order.

Part VI

Miscellaneous provisions

Section 19. Presentation of reports and written opinions to the National Diet

Where nuclear damage occurs on a comparatively large scale, the Government must report to the National Diet as soon as possible on the extent of the damage and on the measures it has taken pursuant to this Act.

2. When nuclear damage occurs, the Government must present to the National Diet the written opinion regarding mitigation, prevention etc. of the damage, which the Atomic Energy Commission or the Nuclear Safety Commission has submitted to the Prime Minister.

Section 20. Application of Section 10, paragraph 1 and Section 16, paragraph 1

The provisions of Section 10, paragraph 1 and Section 16, paragraph 1 shall apply to nuclear damage arising from reactor operation etc. in respect of which the activity, falling under any one of sub-paragraphs mentioned in Section 2, paragraph 1, has begun by 31 December 2019.

Section 21. Submission of reports and inspections

MEXT may, if it deems it necessary to ensure execution of the provisions of Section 6, require a nuclear operator to present any necessary reports or allow his officials to enter the latter's office, installation or site or his nuclear ship, to inspect his books, documents and other necessary objects, or to ask questions of the persons concerned.

2. When an official enters premises pursuant to the preceding paragraph, he shall carry an identification card and present it if requested by the persons concerned.

3. The right to conduct an inspection pursuant to paragraph 1 shall not be construed as a right to investigate a criminal offence.

Section 22. Consultations with the Minister for the Economy, International Trade and Industry (METI) or with the Minister for Regional Development, Infrastructure, Transport and Tourism (MLIT)

When MEXT takes action pursuant to Section 7, paragraph 1 or Section 7-2, paragraphs 1 or 2, or makes Orders pursuant to Section 7, paragraph 2, it shall hold prior consultations with the Minister for the Economy, International Trade and Industry (METI) in cases concerning reactors for the production of electricity, the production, reprocessing or storage of spent nuclear fuel or the disposal of waste consisting of nuclear fuel or materials contaminated by nuclear fuel, or the Minister for Regional Development, Infrastructure, Transport and Tourism (MLIT) in cases concerning reactors installed in vessels.

Section 23. Exclusion of application to the state

The provisions of Part III, Section 16 and Part VII shall not apply to the state.

Part VII

Penal provisions

Section 24

A person who breaches the provisions of Section 6 shall be punishable by imprisonment of not more than one year, or by a fine not exceeding JPY 1 000 000, or both.

Section 25

A person shall be punishable by a fine not exceeding JPY 1 000 000 for:

(i) failing to present a report pursuant to Section 21, paragraph 1, or presenting a false report;

(ii) refusing access to inspectors or interrupting or evading them, or refusing to answer a question pursuant to Section 21, paragraph 1 or giving a false answer to such a question.

Section 26

When the representative of a legal entity, or the agent or other employee of a legal entity or of a natural person commits any one of the offences referred to in Sections 24 and 25 in connection with the business of the legal entity or the natural person, the legal entity or the natural person shall, in addition to punishment of the actual offender, be punishable by a fine as provided in the said sections.

Supplementary provisions (omitted)

Date of entry into force

Section 1

This Act shall enter into force on the date laid down by Cabinet Order and at the latest, nine months after the date of its promulgation.

*

Section 3

The penal provisions relating to acts committed before the entry into force of this Act or to acts committed before the provisions laid down in Section 26, paragraph 1 of the Compensation Act cease to apply shall, before amendment by the provisions of this Act and after its entry into force (this concerns the part relating to Section 23, paragraph 2 (9) of the said Act), remain applicable.

Section 4. Adjustment of indemnities pursuant to other legislation

In the circumstances referred to in the preceding section, when the employees of a nuclear operator suffer nuclear damage and the nuclear operator is liable for such damage pursuant to the said section (designated simply, in the rest of this section, as "nuclear operator"), such employees or the families of the deceased shall receive an indemnity as laid down by Cabinet Order in the form of an indemnity under the provisions of the Insurance Act for the Compensation of Work Accidents (Act No. 50 of 1947) and equivalent to the compensation of such damage, or any other indemnity governed by other provisions of the Act (hereinafter referred to in this section as "compensation for work accidents"). In such cases, any compensation of nuclear damage paid to employees or the families of the deceased shall be temporarily subject to the following provisions:

(i) the nuclear operator shall be entitled not to pay indemnification, and that during a period which may extend to the extinction of the right of employees or families to receive compensation for work accidents, up to an amount equal to the value of the said compensation for work accidents calculated at the legal rate in force between the time when the damage occurred and the date on which the compensation for work accidents was paid;

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* Note by the NEA: No Section 2 appeared in the original text.

(ii) where the circumstances of the preceding paragraph apply, when compensation for work accidents has been paid, the nuclear operator shall be exonerated from his indemnification obligation up to an amount equal to the value of the said compensation for work accidents calculated at the legal rate in force between the time when the damage occurred and the date on which the compensation for work accidents was paid.

2. Where the employees of a nuclear operator have suffered nuclear damage and such damage was caused intentionally by a third party, the nuclear operator who has paid compensation for work accidents to the employees or families of the deceased shall retain a right of recourse against such third party.

Supplementary provisions (Act No. 19 of 17 April 2009)

This Act shall enter into force on 1 January 2010.

Act on Indemnity Agreements for Compensation of Nuclear Damage

(Act No. 148 of 1961)

As amended by Act No. 19 of 17 April 2009

Section 1. Definitions

As used in this Act, "reactor operation etc." means reactor operation etc. as provided in Section 2, paragraph 1 of the Act on Compensation for Nuclear Damage (Act No. 147, 1961, "Compensation Act"), "nuclear damage" means nuclear damage as provided in Section 2, paragraph 2 of the Compensation Act, "nuclear operator" means nuclear operator as provided in Section 2, paragraph 3 of the Compensation Act (except the nuclear operator as provided in Section 2, paragraph 3, sub-paragraph (i) 2), "nuclear ship" means nuclear ship as provided in Section 2, paragraph 4 of the Compensation Act, "financial security" means financial security as provided in Section 6 of the Compensation Act, "financial security amount" means the financial security amount as provided in Section 7, paragraph 1 of the Compensation Act, and "liability insurance contract" means liability insurance contract as provided in Section 8 of the Compensation Act.

Section 2. Indemnity agreements for compensation of nuclear damage

The Government may conclude an agreement with a nuclear operator under which the Government undertakes to indemnify the nuclear operator for his loss arising from compensating nuclear damage not covered by a liability insurance contract or other means for compensating nuclear damage in case the nuclear operator becomes liable, and under which the nuclear operator undertakes to pay an indemnity fee to the Government.

Section 3. Indemnified loss

The loss which the Government indemnifies under the agreement as provided in the preceding Section ("indemnity agreement") shall be the loss suffered by the nuclear operator as a result of compensating nuclear damage in the following cases:

(i) nuclear damage caused by an earthquake or volcanic eruption;

(ii) nuclear damage caused by normal operation (which means reactor operation etc. performed under the conditions provided by the Cabinet Order);[1]

(iii) nuclear damage which can be covered by a liability insurance contract, but for which the persons suffering therefrom have not claimed compensation within a period of ten years from the day of the occurrence of the event (with regard to the nuclear damage appearing in such period, this shall apply only to the case where there is a justifiable reason for their failure to claim compensation within such period);

(iv) nuclear damage which occurs due to the visit of a nuclear ship in foreign territorial waters, but which cannot be covered by the financial security or other arrangements for compensation of nuclear damage as provided in Section 7,

1. Note by the NEA: Cabinet Order No. 45 of 6 March 1962 is referred to throughout the Act.

paragraph 1 of the Compensation Act (limited to the financial security approved as a part of the financial security provided for in Section 7-2, paragraph 1 of the Compensation Act);

(v) nuclear damage as provided in the Cabinet Order other than that mentioned in the preceding sub-paragraphs.

Section 4. Indemnity agreement amount

The contracted amount concerning an indemnity agreement for the nuclear damage mentioned in the preceding Section sub-paragraphs (i) to (iii) and (v) ("indemnity agreement amount") shall be the amount equivalent to the amount of the financial security as provided in Section 7, paragraph 1 of the Compensation Act (where the financial security includes an arrangement other than the conclusion of a liability insurance contract and an indemnity agreement, this amount shall be reduced by the amount available for compensation of nuclear damage by means of such other arrangement; where an indemnity agreement other than the indemnity agreement concerned has been concluded, this amount shall be reduced by the amount available for compensation of nuclear damage by means of such other indemnity agreement).

2. The indemnity agreement amount for the nuclear damage mentioned in Section 3, sub-paragraph (iv) shall be the amount equivalent to the amount of the financial security as provided in Section 7-2, paragraph 1 of the Compensation Act (where the financial security and other arrangements for compensation of nuclear damage as provided in Section 7, paragraph 1 of the Compensation Act are approved as a part of the financial security provided for in Section 7-2, paragraph 1 of the Compensation Act, this amount shall be reduced by the amount available for compensation for nuclear damage by means of such other financial security).

Section 5. Period of indemnity agreement

The period of the indemnity agreement concerning the nuclear damage mentioned in Section 3, sub-paragraphs (i) to (iii) and (v) shall run from the time of its conclusion to the time when the reactor operation etc. has ceased.

2. The period of the indemnity agreement concerning the nuclear damage mentioned in Section 3, sub-paragraph (iv) shall run from the time when the nuclear ship leaves Japanese territorial waters to the time when it arrives back in Japanese territorial waters.

Section 6. Indemnity fee

The annual amount of the indemnity fee shall be equivalent to the amount computed by multiplying the indemnity agreement amount by the rate as provided in the Cabinet Order, taking into account the probability of the occurrence of damage covered by the indemnity agreement and the expenditures of the Government in relation to the indemnity agreement and other conditions concerned.

Section 7. Payment under the indemnity agreement

The Government shall, under an indemnity agreement, indemnify up to the indemnity agreement amount for the loss suffered by the nuclear operator as a result of compensating nuclear damage caused by the reactor operation etc. during the period covered by the indemnity agreement concerned.

2. Where the Government indemnifies the loss suffered by a nuclear operator as a result of compensating the nuclear damage mentioned in Section 3, sub-paragraphs (i) to (iii) and (v), if there is any amount to be covered by the liability insurance contract, the total sum paid from the indemnity agreement shall not exceed the amount computed by deducting the amount paid from the liability insurance contract from the financial

security amount (or the amount computed by deducting the amount paid from the liability insurance contract from the financial security amount further reduced by the amount available for compensation of nuclear damage by means of other arrangements, which the financial security concerned includes, excepting the liability insurance contract and the indemnity agreement).

Section 8. Financial limit of indemnity agreements

The Government shall conclude indemnity agreements to the extent that the total sum of the indemnity agreement amount does not exceed the budget amount approved by the National Diet for each year.

Section 9. Duty to notify

When concluding an indemnity agreement, a nuclear operator shall, pursuant to the provisions of the Cabinet Order, notify the Government of important facts regarding reactor operation etc. The same shall apply where there is a change in the notified facts.

Section 10. Specifications by Cabinet Order

The conclusion of an indemnity agreement and the date of payment of the indemnity fee, the date of payment under the indemnity agreement and other necessary matters regarding the payment of the indemnity fee and payment under the indemnity agreement shall be regulated by Cabinet Order.

Section 11. Prescription

The right to receive payment from an indemnity agreement shall be extinguished three years after the nuclear operator has paid compensation.

Section 12. Subrogation, etc.

Where the Government has indemnified under an indemnity agreement, if the nuclear operator who is a party to the indemnity agreement has a right of recourse against a third party, the Government shall take over that right up to the smaller of the two amounts following:

(i) the amount indemnified by the Government; or

(ii) the amount of the said right of recourse (where the amount mentioned in the preceding paragraph does not cover the amount of the loss giving rise to indemnification under the said indemnity agreement, the said amount of the right of recourse shall be reduced by the amount not covered).

2. Where the nuclear operator who is party to the indemnity agreement has received a payment by virtue of his right of recourse, the Government shall be exonerated from its indemnification obligation up to the smaller of the two amounts following:

(i) the amount of the payment the said nuclear operator has received by virtue of his right of recourse; or

(ii) the amount paid by the Government under its indemnification obligation laid down in Section 7 relating to the loss giving rise to indemnification under the said indemnity agreement (where the amount mentioned in the preceding paragraph does not cover the amount of the loss giving rise to indemnification, the said amount paid by the Government pursuant to its indemnification obligation shall be reduced by the amount not covered).

Section 13. Reimbursement of the sum paid under an indemnity agreement

Where the Government has indemnified the loss suffered by a nuclear operator as a result of compensating the nuclear damage mentioned in the following sub-paragraphs, the Government shall require the nuclear operator to reimburse the amounts received, pursuant to the provisions of the Cabinet Order, for the compensation of:

(i) nuclear damage arising from a fact which the nuclear operator who is a party to the indemnity agreement has failed to notify pursuant to Section 9, or which he has notified falsely;

(ii) nuclear damage caused by the reactor operation etc. during the period from the day when the nuclear operator received from the Government notice of cancellation of the indemnity agreement pursuant to Section 15, to the day prior to the day when the cancellation comes into force.

Cancellation of an indemnity agreement

Section 14

Where the nuclear operator who is a party to the indemnity agreement has provided financial security other than that which was taken into account at the time of the conclusion of the indemnity agreement concerned, the Government may accept an offer for the cancellation of the indemnity agreement, or may cancel it itself.

2. Cancellation of the indemnity agreement as provided in the preceding paragraph shall take effect immediately.

Section 15

The Government may cancel the indemnity agreement where the nuclear operator who is a party to the indemnity agreement has committed one of the following offences:

(i) breached the provisions of Section 6 of the Compensation Act;

(ii) failed to pay the indemnity fee;

(iii) failed to notify pursuant to Section 9 or notified falsely;

(iv) failed to take the measures pursuant to Section 21-2, Section 35, Section 43-18, Section 48, Section 51-16, Section 57, paragraph 1 or 2, Section 57-4, Section 57-5, Section 58, paragraph 1, or Section 59, paragraph 1 of the Act for the Regulation of Nuclear Source Material, Nuclear Fuel and Reactors (Act No. 166 of 1957; "Regulation Act");

(v) breached the provisions of the indemnity agreement laid down in accordance with the Cabinet Order.

2. Cancellation of an indemnity agreement pursuant to the preceding paragraph shall take effect upon a lapse of 90 days from the day when the nuclear operator, who is a party to the indemnity agreement, has received notice of the cancellation.

Section 16. Fines

Where the nuclear operator, who is a party to the indemnity agreement, breaches a provision of the indemnity agreement laid down in accordance with the Cabinet Order, the Government may impose a fine pursuant to the said Order.

Section 17. Administrative aspects

The interests of the Government as provided in this Act shall be taken in charge by the Minister of Education, Culture, Sports, Science and Technology (MEXT).

2. The Minister of Education, Culture, Sports, Science and Technology (MEXT) shall, on the occasion of the cancellation of an indemnity agreement as provided in Section 15, ask the prior opinion of the Minister of Economy, Trade and Industry (METI) in cases concerning the operation of reactors for the generation of electricity (which means reactors as defined in Section 3, paragraph 4 of the Basic Atomic Energy Act, Act No. 186 of 1955, the term "reactor" being hereinafter given this meaning), the production (as defined in Section 2 paragraph, 7 of the Regulation Act), the reprocessing (as defined in Section 2, paragraph 8 of the Regulation Act), the storage of spent nuclear fuel (as defined in Section 43, paragraph 4 (1) of the Regulation Act) or the disposal of waste consisting of nuclear fuel or materials contaminated by nuclear fuel (meaning the underground disposal of waste and waste management as defined in Section 51, paragraph 2 (1) of the Regulation Act), or the prior opinion of the Minister of Land, Infrastructure, Transport and Tourism (MLIT) in cases related to reactors installed in vessels.

Section 18. Mandate

The Government may, as laid down by Order, grant a mandate for the performance of some of its operations under an indemnity agreement. The authorised agent may, in particular, be a risk insurance company under Section 2, paragraph 4 of the Insurance Act (Act No. 105 of 1995), or a foreign risk insurance company under paragraph 9 of the said Section (this provision applies solely to persons authorised to conduct liability insurance activities).

2. When a mandate is granted under the preceding paragraph, the Minister of Education, Culture, Sport, Science and Technology (MEXT) must communicate the identity of the authorised agent and any other conditions required by a Ministerial Order issued by his department.

Supplementary provisions

This Act (No. 19 of 17 April 2009) shall enter into force on 1 January 2010.

Order for the Execution of the Act on Compensation for Nuclear Damage

(Cabinet Order No. 44 of 6 March 1962)

As amended by Cabinet Order No. 201 of 7 August 2009

The Cabinet has enacted this Cabinet Order pursuant to the provisions of Section 2, paragraph 1 and Section 7, paragraph 1 of the Act on Compensation for Nuclear Damage (Act No. 147 of 1961).

Section 1. Reactor operation, etc.

The activities provided for in the Cabinet Order referred to in Section 2, paragraph 1 of the Act on Compensation for Nuclear Damage ("Compensation Act") shall be the following (each of the activities mentioned in paragraphs (i) to (v) includes the incidental operations of transport, storage and disposal of waste referred to in sub-paragraphs a), b) and c) performed in the installations or on the sites of the said activities or, in the case of reactors installed in nuclear vessels, such incidental operations performed on board the vessel. This provision also applies subsequently):

(i) reactor operation;

(ii) the production of the following nuclear fuels:

(a) uranium or its compounds in which the ratio of uranium 235 to uranium 235 and uranium 238 is higher than that of natural uranium but lower than five-hundredths, and any material which contains one or more of these nuclear materials, whenever these contain 2 000 grams or more by weight of uranium 235;

(b) uranium or its compounds in which the ratio of uranium 235 to uranium 235 and uranium 238 is higher than five-hundredths, and any material which contains one or more of these nuclear materials, whenever these contain 800 grams or more by weight of uranium 235;

(c) plutonium or its compounds, and any material which contains one or more of these nuclear materials, whenever these contain 500 grams or more by weight of plutonium;

(iii) reprocessing;

(iv) the use of the nuclear fuels mentioned in sub-paragraphs (ii) (a), (b) and (c);

(iv-2) the storage of spent fuel;

(v) underground disposal and management of waste as provided in Section 51-2, paragraph 1, sub-paragraph (iii) of the Act for the Regulation of Nuclear Source Material, Nuclear Fuel and Reactors (Act No. 166 of 1957; "Regulation Act") (hereinafter referred to as "the underground disposal of waste" and "waste management");

(vi) the transport, storage and disposal of waste consisting of the following materials, undertaken outside installations or sites and in the context of each of the activities mentioned in the sub-paragraphs above:

(a) the nuclear fuels mentioned in sub-paragraphs (ii) (a), (b) and (c);

(b) spent fuel, as provided in Section 2, paragraph 8 of the Regulation Act ("spent fuel");

(c) materials contaminated by nuclear fuel (including nuclear fission products; the same applies to the following provisions).

Section 2. Amount of financial security

The cases of reactor operation etc. and their corresponding amount as provided in the Cabinet Order referred to in Section 7, paragraph 1 of the Compensation Act are set out in the following table. However, when reactor operation etc. being performed at one and the same installation or site (or vessel in the case of reactors installed in a vessel, a provision which also applies to heading (i) of the table) involves activities coming under two or more of headings (i) to (xvii) of the table, the amount of financial security for the overall reactor operation etc. shall be the highest individual amount required under the relevant headings of the table.

(i)	Operation of a reactor with a maximum thermal rating of less than 10 000 kWth (including any transport, storage or disposal of materials referred to in Section 1, paragraph 6, sub-paragraphs (a), (b) or (c) (hereinafter referred to as "nuclear fuel etc.") performed within the installation or on the site and incidental to operation of the reactor in question, to the exclusion of the operations referred to under any of the headings of the table (ii) or (iii) below).	JPY 120 billion
(ii)	Transport, storage and disposal of nuclear fuel etc., performed within the installation or on the site and incidental to operation of the reactor in question, as defined in heading (i) of the table (concerns solely the shutdown of the said reactor as well as operations subsequent to removal of the nuclear fuel etc. from the reactor core. This provision applies also to headings (iii) and (v) of the table, to the exclusion of operations referred to under heading (iii) of the table).	JPY 24 billion
(iii)	Transport, storage and disposal of nuclear fuel etc., as referred to in Section 1, sub-paragraph 2(a), or of elements such as those referred to in paragraph 6(c) of the same section, performed within the installation or on the site and incidental to operation of the reactor in question, as defined under heading (i) of the table.	JPY 4 billion
(iv)	Operation of a reactor with a maximum thermal rating of more than 100 kWth, without however exceeding 10 000 kWth (including any transport, storage or disposal of nuclear wastes etc., performed within the installation or on the site and incidental to operation of the reactor in question, to the exclusion of the operations referred to under heading (v) of the table).	JPY 24 billion
(v)	Transport, storage and disposal of nuclear fuel etc., as referred to in Section 1, sub-paragraph 2(a) or of elements as referred to in sub-paragraph 6(c) of the same Section, performed within the installation or on the site and incidental to operation of the reactor in question, as defined under heading (iv) of the table.	JPY 4 billion

(vi)	Operation of a reactor with a maximum thermal rating of 100 kWth (including any transport, storage or disposal of nuclear fuel etc., performed within the installation or on the site and incidental to operation of the reactor in question).	JPY 4 billion
(vii)	Production of nuclear fuel as referred to in Section 1, sub-paragraph 2(a) (including any transport, storage or disposal of nuclear fuel etc., performed within the installation or on the site and incidental to the production of the reactor in question).	JPY 4 billion
(viii)	Production of nuclear fuel as referred to in Section 1, sub-paragraphs 2(b) and 2(c) (including any transport, storage or disposal of nuclear waste etc., performed within the installation or on the site and incidental to the production in question).	JPY 24 billion
(ix)	Reprocessing (including any transport, storage and waste disposal of nuclear fuel etc., performed within the installation or on the site and incidental to the reprocessing in question).	JPY 120 billion
(x)	Use of nuclear fuel etc., as referred to in Section 1, sub-paragraph 2(a) (including any transport, storage or disposal of nuclear fuel, etc., performed within the installation or on the site and incidental to the use of the nuclear fuel in question, to the exclusion of the operations referred to under headings (i), (iv), (vi), (vii) and (ix) of the table).	JPY 4 billion
(xi)	Use of the nuclear fuel etc., as referred to in Section 1, sub-paragraphs 2 (b) or (c) (including any transport, storage and disposal of nuclear fuel etc., performed within the installation or on the site and incidental to the use of the nuclear fuel in question. This provision applies also to heading (xii) below, and excludes the operations referred to under headings (i), (iv), (vi), (viii) and (ix) of the table).	JPY 24 billion
(xii)	Transport, storage and disposal of nuclear fuel etc., as defined in Section 1, sub-paragraph 2(a), or of elements as defined in sub-paragraph 6(c) of the same Section, performed within the installation or on the site and incidental to the use of nuclear fuel as defined under heading (xi), above.	JPY 4 billion
(xiii)	Storage of spent fuel (including any transport, storage or disposal of spent fuel, performed on the site and incidental to the storage of the spent fuel in question, to the exclusion of the operations referred to under headings (i), (ii), (iv), (vi) and (ix) to (xi) of the table).	JPY 24 billion
(xiv)	Underground disposal of waste (including any transport or disposal of the waste, performed on the site and incidental to the underground disposal of the waste in question consisting of nuclear fuel, etc., to the exclusion of the operations referred to under each of the preceding headings and under heading (xv) of the table).	JPY 4 billion

(xv)	Underground disposal of the waste consisting of the vitrified materials obtained from the liquid effluents remaining after separating the nuclear fuel and other useful materials from spent fuel solutions, as defined in Section 1, sub-paragraph 6(b) (including any transport or disposal of the waste, performed on the site and incidental to the underground disposal of the waste in question consisting of nuclear fuel etc., to the exclusion of the operations referred to under heading (ix) of the table).	JPY 24 billion
(xvi)	Waste management (including any transport or waste disposal of waste consisting of nuclear fuel etc., on the site and incidental to the waste management in question, to the exclusion of the operations referred to under each of the preceding headings and heading (xvii) of the table).	JPY 4 billion
(xvii)	Management of the waste consisting of the vitrified materials obtained from the liquid effluents remaining after separating the nuclear fuel and other useful materials from spent fuel solutions, as defined in Section 1, sub-paragraph 6(b) (including any transport or disposal of the waste, performed on the site and incidental to the underground disposal of the waste in question, consisting of nuclear fuel, etc., to the exclusion of the operations referred to under headings (ix) and (xv) of the table).	JPY 24 billion
(xviii)	Transport of nuclear fuel etc., incidental to the reactor operation, production, reprocessing, or use of the nuclear fuel, the storage and underground disposal of spent fuel, or waste management (to the exclusion of the operations referred to under any one of the preceding headings, under heading (xix), following, and heading (xxii) of the table).	JPY 4 billion
(xix)	Transport of nuclear fuel material, etc., as referred to in Section 1, sub-paragraphs 2(b) and (c) incidental to the reactor operation, production, reprocessing or use of nuclear fuel, the storage and underground disposal of spent fuel, or the management of waste or spent fuel, as defined in the same Section, sub-paragraph 6(b), and of vitrified materials obtained from the liquid effluents remaining after separating nuclear fuel and other useful materials from spent fuel solutions, as defined in the same Section 1, sub-paragraph 6(b) (excluding the operations referred to under any of headings (i), (ii), (iv), (vi), (viii) to (xi), (xiii), (xv) or (xvii) of the table).	JPY 24 billion
(xx)	Storage of nuclear fuel etc., incidental to the reactor operation, production, reprocessing or use of nuclear fuel and the storage of spent fuel (to the exclusion of the operations referred to under any of headings (i) to (xiii) or the following heading (xxii) of the table).	JPY 4 billion

(xxi)	Storage of nuclear fuel etc., as referred to in Section 1, sub-paragraphs 2(b) or (c), incidental to the reactor operation, production, reprocessing or use of nuclear fuel or the storage of spent fuel, as defined in the same Section, sub-paragraph 6(b) as well as the vitrified materials obtained from the liquid effluents remaining after separating nuclear fuel and other useful materials from spent fuel solutions, as defined in the same Section 1, sub-paragraph 6(b) (to the exclusion of the operations referred to under any of headings (i), (ii), (iv), (vi), (viii) to (xi), (xiii) of the table).	JPY 24 billion
(xxii)	Disposal of waste consisting of nuclear fuel etc., incidental to the reactor operation, production, reprocessing or use of nuclear fuel, the storage and underground disposal of spent fuel or waste management (including any transport of nuclear fuel, etc., incidental to the disposal of the waste in question, and to the exclusion of the operations referred to under any of headings (i) to (xvii) of the table).	JPY 4 billion

Section 3. Compensation for work accidents

Compensation for work accidents, provided for by Cabinet Order pursuant to Section 4, paragraph 1 of the supplementary provisions of the Act, shall be as follows:

1. Indemnities as defined by the Act on Compensation for Work Accidents of Government Civil Servants (Act No. 191 of 1951);

2. Indemnities as defined by the Act on the Insurance of Seamen (Act No. 73 of 1939) and subject to professional conditions.

Supplementary provisions (omitted)

1. This Cabinet Order shall enter into force as from the date of the entry into force of the Act (15 March 1962).

Supplementary provisions (Order No. 201 of 7 August 2009)

This Cabinet Order shall enter into force on 1 January 2010.

Order for the Execution of the Act on Indemnity Agreements for Compensation of Nuclear Damage

(Cabinet Order No. 45 of 1962)

As amended by Cabinet Order No. 201 of 7 August 2009

The Cabinet has enacted this Cabinet Order pursuant to the provisions of the Act on Indemnity Agreements for Compensation of Nuclear Damage (Act No. 148 of 1961).

Indemnified loss

Section 1

The conditions laid down by Cabinet Order as defined in Section 3, paragraph ii) of the Act on Indemnity Agreements for Compensation of Nuclear Damage (hereinafter referred to as "the Act") must meet the requirements laid down in each of the following paragraphs:

(i) The event triggering the occurrence of nuclear damage cannot be a breach of the Sections mentioned below of the Act for the Regulation of Nuclear Source Material, Nuclear Fuel and Reactors (Act No. 166 of 1957): Sections 21-2, 22(4), 22-6(2) in application of Section 12-2(4), 35, 37 (4), 43-2(2) in application of Section 12-2(4), 43-18, 43-20(4), 43-25(2) in application of Section 12-2(4), 48, 50(4), 50-3(2) in application of Section 12-2(4), 51-16, 51-18(4), 51-23(2) in application of Section 12-2(4), 56-3(4), 57(1) or 57(2), 57-2(2) in application of Section 12-2(4), 57-4, 57-5, 58(1), 59(1) and 60(1) or 60(2).

(ii) The event triggering the occurrence of nuclear damage cannot be damage to an installation for reactor operation etc.

(iii) The event triggering the occurrence of nuclear damage cannot be a natural cataclysm or the act of a third party.

Section 2

Nuclear damage, as defined in Section 3, paragraph 5 of the Act and laid down by Cabinet Order, shall be that resulting from a tidal wave.

Section 3. Indemnification rate

The rate of indemnification, as defined in Section 6 of the Act and laid down by cabinet order ("indemnification rate") shall be 3 for 10 000 (1.5 for 10 000 for indemnity agreements relating to the operation etc. of a reactor in universities and technical colleges).

2. Where, at the time the indemnity fee is paid, the amount available for indemnifying nuclear damage under an indemnity agreement is insufficient to cover the amount laid down by the said agreement, the indemnification rate under the said agreement shall be determined, notwithstanding the provisions of the previous paragraph, by dividing the said amount available by the amount laid down in the indemnity agreement, and multiplying the value obtained by the indemnification rate as defined in the previous paragraph.

Section 4. Duty to notify

In accordance with the provisions of Section 9 of the Act, a nuclear operator must notify the Government of the following:

(i) Indemnity agreement relating to reactor operation:
  (a) what the nuclear reactor is being used for;
  (b) type, thermal rating and number of nuclear reactors;
  (c) name and address of the installations or sites equipped with a nuclear reactor (in the case of a vessel equipped with a nuclear reactor, the place it was built and the main place of business of the shipbuilder);
  (d) location, structure and equipment of the building housing the nuclear reactor;
  (e) dates of the beginning and planned end of operating activities of the nuclear reactor;
  (f) types and quantity of the nuclear materials to be used as fuel in the nuclear reactor;
  (g) method of disposing of spent fuel;
  (h) information about the liability insurance contract.

(ii) Indemnity agreement relating to production:
  (a) name and address of the installations or sites equipped with a production plant;
  (b) location, structure, equipment and production procedures of the production plants;
  (c) dates of the beginning and planned end of production activities;
  (d) types and quantity of the nuclear materials to be produced;
  (e) information about the liability insurance contract.

(iii) Indemnity agreement relating to reprocessing:
  (a) name and address of the installations or sites equipped with a reprocessing facility;
  (b) location, structure, equipment and reprocessing procedures of the reprocessing facilities;
  (c) dates of the beginning and planned end of reprocessing activities;
  (d) types and quantity of the spent fuel to be reprocessed;
  (e) information about the liability insurance contract.

(iv) Indemnity agreement relating to the use of nuclear fuel:
  (a) purposes and methods of use;
  (b) places of use;
  (c) location, structure and equipment used in installations for the use, storage and disposal of waste;
  (d) dates of the beginning and planned end of use activities;
  (e) types and quantity of nuclear fuel to be used;
  (f) method of disposing of the spent nuclear fuel;
  (g) information about the liability insurance contract.

(v) Indemnity agreement relating to the storage of spent fuel:

(a) name and address of the sites equipped with a storage facility for spent fuel;

(b) location, structure, equipment and procedures used in the storage facilities for spent fuel;

(c) dates of the beginning and planned end of the nuclear fuel storage activities;

(d) types and quantity of spent fuel to be stored;

(e) method of transferring spent fuel subsequent to storage;

(f) information about the liability insurance contract.

(vi) Indemnity agreement relating to the underground disposal or management of waste:

(a) name and address of the sites equipped with facilities for the underground disposal or management of waste;

(b) location, structure, equipment and procedures for disposal of the facilities for the underground disposal or management of waste;

(c) dates of the beginning and planned end of the activities for the underground disposal or management of waste;

(d) types and quantity of nuclear fuel or materials contaminated by nuclear fuel (including nuclear fission products, a provision which applies also to the remainder of this section) to be disposed of by underground burial or waste management;

(e) information about the liability insurance contract.

(vii) Indemnity agreement relating to transport in accordance with the provisions of Section 1, paragraph 6 of the Order for the Execution of the Act on Compensation for Nuclear Damage (Cabinet Order No. 44 of 1962):

(a) itinerary and method of transport;

(b) dates of the beginning and planned end of the transport activities;

(c) types and quantity of nuclear fuel or materials contaminated by nuclear fuel to be transported;

(d) information about the liability insurance contract.

(viii) Indemnity agreement relating to storage in accordance with the provisions of Section 1, paragraph 6 of the Order for the Execution of the Act on Compensation for Nuclear Damage:

(a) places and methods of storage;

(b) dates of the beginning and planned end of the storage activities;

(c) types and quantity of nuclear fuel or materials contaminated by nuclear fuel to be stored;

(d) information about the liability insurance contract.

(ix) Indemnity agreement relating to the disposal of waste in accordance with the provisions of Section 1, paragraph 6 of the Order for the Execution of the Act on Compensation for Nuclear Damage:

(a) places and methods of waste disposal;

(b) dates of the beginning and planned end of the waste disposal activities;

(c) itinerary and method of transport of the waste constituted by nuclear fuel or materials contaminated by nuclear fuel, as well as the dates of the beginning and planned end of such transport activities;

(d) types and quantity of waste constituted by nuclear fuel or materials contaminated by nuclear fuel to be disposed of;

(e) information about the liability insurance contract.

Section 5. Payment of the indemnity fee

The nuclear operator must pay the Government an indemnity fee on the date of the conclusion of an indemnity agreement and, subsequently, on each anniversary thereof (when, depending on the year, there is no anniversary date, payment must be made the day before). The indemnity fee shall be paid for a length of agreement of one year from the day concerned (when the length of the indemnity agreement is less than one year, the fee is payable for the duration in question).

Section 6. Payment under the indemnity agreement

When a nuclear operator requests indemnification, the Minister of Education, Culture, Sports, Science and Technology (MEXT) must pay the indemnity within 30 days of the formulation of the request. This provision does not, however, apply if there are unpredictable and inevitable circumstances.

Reimbursement of the sum paid under an indemnity agreement

Section 7

In accordance with the provisions of Section 13, MEXT shall have one year as from the date of payment of an indemnity within which to require reimbursement of a sum equivalent to the said indemnity.

Section 8

[Abolished]

Section 9. Cancellation of an indemnity agreement

The provisions referred to in Section 15, paragraph 1, sub-paragraph v) of the Act and established by Cabinet Order concern the breaching of the requirement to take the necessary steps to prevent or mitigate nuclear damage when such damage occurs or is likely to occur.

Fines

Section 10

The provisions referred to in Section 16 of the Act and established by Cabinet Order provide the following requirements in the event of a breach:

(i) when nuclear damage occurs or is likely to occur, take all the steps necessary to prevent or mitigate it;

(ii) obtain the prior approval of MEXT when the operator intends to admit liability, in whole or in part, for the damage;

(iii) when nuclear damage occurs, submit without delay an opinion to MEXT to inform him of the date, time and place of the accident and report on the extent of the damage;

(iv) when a nuclear operator brings proceedings or is the subject of proceedings, submit without delay an opinion to MEXT informing him of the facts.

Section 11

Under Section 16 of the Act, MEXT may impose a fine up to the amounts mentioned in the following paragraphs and as from the date on which the nuclear operator received indemnification:

(i) an amount equivalent to 1/10th of the indemnification received, in cases of a breach of the provisions mentioned in paragraphs i) and ii) of the preceding Section on the indemnity agreement requirements;

(ii) an amount of JPY 100 000, in cases of a breach of the provisions mentioned in paragraphs iii) and iv) of the preceding Section on indemnity agreement requirements.

Section 12. Mandate

The operations for which the Government may grant a mandate, in accordance with the provisions of Section 18, paragraph 1 of the Act, are as follows:

(i) reception of requests for the payment of an indemnity;

(ii) investigations into the amount of loss giving rise to an indemnity;

(iii) in addition to the cases referred to in the two preceding sub-paragraphs, any operation relating to the payment of indemnities and required by Ministerial Order adopted by MEXT.

2. In addition to the cases mentioned in the preceding paragraph, the relevant provisions relating to mandates under Section 18, paragraph 1 of the Act, shall be laid down by Ministerial Order taken by MEXT.

Supplementary provisions

This Cabinet Order shall enter into force as from the date of the entry into force of the Act (15 March 1962).

Supplementary provision (Order No. 201 of 7 August 2009)

This Cabinet Order shall enter into force on 1 January 2010.

Figure 4: Outline of the nuclear damage compensation system in Japan

4.1: Outline of the applicable acts regarding nuclear damage compensation

Act on Compensation for Nuclear Damage (Act No.147 of 1961)

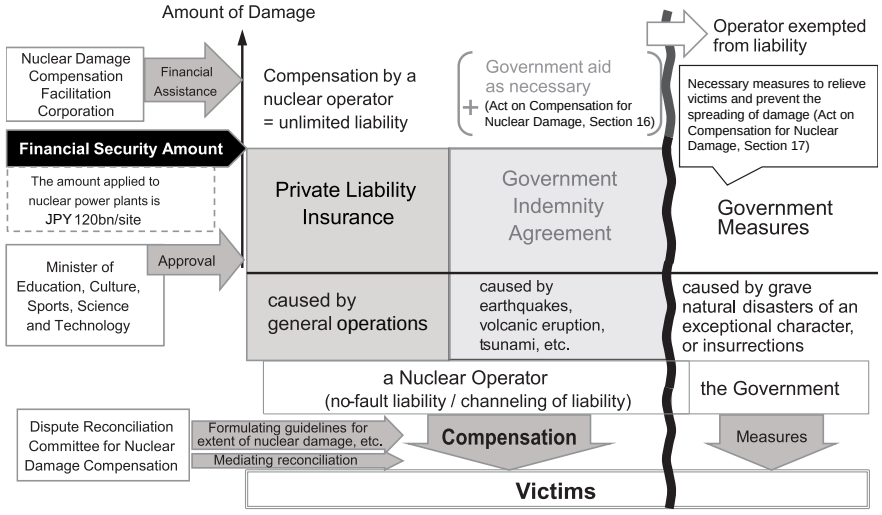
- A nuclear operator engaged in the reactor operation, etc. is liable for nuclear damages caused by its reactor operation, etc. (no-fault liability, channelling of liability, unlimited liability).
  Note: "Nuclear damage" means any damage caused by the effect of the process of atomic fission of nuclear fuel material, or the effect or toxic effect of the radiation of nuclear fuel material, etc.
- Nuclear operators shall have and maintain financial security for compensation for nuclear damage ("financial security").

  = { a contract of liability insurance for nuclear damage ("private liability insurance").
  an indemnity agreement for compensation of nuclear damage ("government indemnity agreement")
  or a deposit of money.
- In the case where the amount of the operator's liability exceeds that of the financial security and there is the risk of obstructing the purpose of the Act, the Government shall give necessary aid to the nuclear operator.
- The Dispute Reconciliation Committee for Nuclear Damage Compensation may be established as an organisation attached to MEXT; this Committee shall be in charge of mediating reconciliation of any dispute concerning compensation for nuclear damage and of formulating guidelines for extent of nuclear damage.

Act on Indemnity Agreement for Compensation of Nuclear Damage
(Act No.148 of 1961)

- In order to indemnify the operator's loss caused by compensating nuclear damage which is not covered by the private liability insurance, this Act specifies such matters as procedures and compensation payment, etc. of a government indemnity agreement concluded between the Government and a nuclear operator.

4.2: General overview of the nuclear damage compensation system



JAPAN'S COMPENSATION SYSTEM FOR NUCLEAR DAMAGE, ISBN 978-92-64-99200-9, © OECD 2012

Preliminary Guidelines on Determination of the Scope of Nuclear Damage resulting from the Accident at the Tokyo Electric Power Company Fukushima Daiichi and Daini Nuclear Power Plants

28 April 2011

Dispute Reconciliation Committee for Nuclear Damage Compensation

Part 1. Introduction

1. The accident at the Tokyo Electric Power Company ("TEPCO") Fukushima Daiichi and Daini nuclear power plants that occurred on 11 March 2011 ("the accident") brought about the discharge of radioactive material over a wide area, and risked precipitating a situation of even greater severity. As a result, many civilians were forced to evacuate or take other actions in accordance with government instructions to evacuate or take shelter indoors, or were forced to abandon business activity such as production and sales. The impact was felt over a wide area, not just in Fukushima prefecture but also in neighbouring prefectures, centred on a radius of approximately 30 km around the Fukushima Daiichi nuclear power plant. The scale and scope of the damage inflicted on the surrounding population are unprecedented, and although more than a month has passed since the accident occurred, it has still not come to an end. In addition, the tens of thousands of evacuees and numerous enterprises that have sustained business damage can do nothing but wait until the full picture of the damage becomes clear, and are living under conditions of great strain. Such victims require prompt, fair and appropriate relief.

Therefore, when drawing up "guidelines for determining the scale of the nuclear damage and other general guidelines to help operators reach a voluntary settlement of said dispute" (Section 18-2 (ii) of the Act on Compensation for Nuclear Damage; hereinafter the "guidelines") based on the Act on Compensation for Nuclear Damage ("Compensation Act"), which provides for compensation for nuclear damage, the aim has been to provide relief for the victims as soon as possible by presenting guidelines in order of priority starting with those areas with the highest probability of nuclear damage, after due consideration of the above circumstances.

2. Therefore, these guidelines ("Preliminary Guidelines") clarify the basic approach concerning only a certain scope of damage arising from actions, etc. carried out based on government instructions.

Specifically, the following are considered: (1) as "damages related to government instructions for evacuation, etc.": "evacuation expenses", "business damages", "damages arising from incapacity", "loss or reduction, etc. of property value", "examination expenses (human)", "examination expenses (material)", "injury or death", "mental anguish"; (2) as "damages related to government designation of a navigation danger zone": "business damages" and "damages arising from incapacity"; and (3) as "damages related to shipping restriction orders, etc. issued by the government, etc.": "business damages" and "damages arising from incapacity".

Consideration will also be given, within reasonable limits, to the types and scope of damage that are not encompassed by the Preliminary Guidelines, where the damage was

not the result of government instructions but is not excluded from damage compensation, for example, from among the following: evacuation expenses and business damages (including so-called "rumour-related" damage) sustained by individuals not encompassed by the Preliminary Guidelines, damages associated with radioactive exposure suffered by nuclear power plant workers, self-defence force officials, fire-fighters, police or others engaged in post-accident recovery efforts, so-called "indirect damage" sustained by trading partners who became unable to supply non replaceable parts and the like as a result of the accident, own property damage sustained by local government authorities, and damages arising after government instructions, etc. were lifted.

Concerning damage sustained by the victims, meanwhile, several measures have already been implemented that are not based on compensation under the Compensation Act, in order to provide relief for the victims, or could be implemented in the future. The interaction with these measures (possibility to offset profits/losses, etc.) will be considered in the future.

3. It is hoped that the approach to the scope of damage presented in the Preliminary Guidelines will contribute to smooth discussions and consensus-building between the victims and TEPCO, and we hope that TEPCO will implement prompt, fair and appropriate relief after urgently establishing a structure that facilitates compensation for the many victims.

Part 2. Common approach to types of damage

1. The Compensation Act states that a nuclear operator's liability extends to "nuclear damage" due to the operator's reactor operation etc.: Section 3. As for the scope of that damage, however, there is no reason to take the view that this will be especially different from the scope of damage in any standard claim in tort for damages. When drafting these Guidelines therefore, the Committee also took the view that so long as there was a legally sufficient cause between an item of damage and the accident – namely that it was damage within a scope that is judged as logically and reasonably arising from the accident based upon the social convention – then it was included in nuclear damage.

With respect to those types of damage that might arise on an ongoing basis, such as evacuation expenses, business damage, or damage arising from incapacity to work, the criteria for determining an end date for these items will present difficulties, and consideration will be given by the Committee to this point going forward.

2. Also, in formulating these Guidelines, reference was made to the following reports of the Nuclear Damage Investigation Study Group: the "Nuclear Damage Research Group's Interim Confirmation – Views on business damage", dated 15 December 1999 and the "Investigation Study Report on Nuclear Damage caused by the Criticality Accident of Fuel Facility at the JCO Co., Ltd Tokai plant", dated 29 March 2000.

However, the accident far exceeds the JCO criticality accident in terms of its nature, severity, scale of damage inflicted on the surrounding area, scope, duration, etc., and given the wide range of victims and types of damage, the Guidelines have been drawn up while taking full account of the unique circumstances of the accident.

3. Furthermore, when calculating damages, as a general rule compensation of the actual costs incurred is made for evacuation expenses and the like, for example, based on certification thereof. However, given that the victims of the accident number several tens of thousands, and given the need for urgent relief, methods could be considered such as allowing a reasonably calculated fixed amount of compensation. However, if it were proven that evacuation expenses or the like were incurred in excess of this fixed amount, then the amount of compensation could be increased to an extent that is necessary and reasonable. With regard also to business damages, compensation could be made on the basis of mitigated certification requirements, to the extent that is necessary and reasonable, for example where evacuation had made it difficult to gather evidence, and

rational calculation methods could be employed based on objective statistical data and the like in order to quickly process large volumes of claims.

4. A rational and flexible approach is also required of TEPCO with regard to the compensation payment method, taking into consideration the circumstances of victims in need of urgent relief. Examples would be where a fixed figure of compensation or a portion of a claimed amount is paid at certain regular intervals for recurring damage, even prior to a final determination of the full amount of compensation for the damage.

Part 3. Damages related to government instructions for evacuation, etc.

Affected Areas

The areas to which government instructions for evacuation, etc. apply are as follows:

1. Evacuation Areas

Areas for which the Government has issued civilian evacuation instructions to the heads of local government bodies, based on the Act on Special Measures concerning Nuclear Emergency Preparedness:

i) area within a 20-km radius from the Fukushima Daiichi nuclear power plant (this area was designated restricted area on 22 April 2011, meaning that as a general rule the public was prohibited from entering this area); and

ii) area within a 10-km radius from the Fukushima Daini nuclear power plant (on 21 April 2011 this was reduced to an area within an 8-km radius).

2. In-house Evacuation Area

Area for which the Government has issued civilian in-house evacuation instructions to the heads of local government bodies, based on the Act on Special Measures concerning Nuclear Emergency Preparedness:

iii) the area between a 20-km radius and a 30-km radius from the Fukushima Daiichi nuclear power plant.

Note: Concerning this In-house Evacuation Area, on 25 March 2011, the Chief Cabinet Secretary urged voluntary evacuation, etc. due to difficulties being encountered by civilians in maintaining daily life. However, this area was lifted on 22 April 2011 following the designation of 3. Deliberate Evacuation Area and 4. Evacuation-Prepared Area in Case of Emergency, explained below.

3. Deliberate Evacuation Area

Areas in which the Government has issued planned evacuation instructions to the heads of local government bodies, based on the Act on Special Measures concerning Nuclear Emergency Preparedness:

iv) surrounding areas lying outside a 20-km radius from the Fukushima Daiichi nuclear power plant, where accumulated radiation could reach 20 millisieverts a year, requiring planned evacuation to a separate location within about one month.

4. Evacuation-Prepared Area in Case of Emergency

Areas in which the government has issued instructions to prepare for emergency evacuation, etc. to the heads of local government bodies, based on the Act on Special Measures concerning Nuclear Emergency Preparedness:

v) Surrounding areas lying in a radius between 20 km and 30 km from the Fukushima Daiichi nuclear power plant, excluding any Deliberate Evacuation Area, where preparation is required at all times to facilitate in-house evacuation and evacuation in an emergency, and where on-going voluntary evacuation is required; and where children, pregnant women, persons requiring nursing care, hospitalised patients, etc. are especially required not to enter.

Evacuees

Evacuees, meaning individuals who evacuated etc. or took other actions of necessity in accordance with government instructions, are as follows:

1. persons who were forced to leave an Affected Area ("evacuation") after the accident and who continue to stay outside this area ("reside outside an Affected Area");

2. persons who were outside an Affected Area at the time of the accident, and who, of necessity, continue to reside outside the Affected Area, despite having their main home inside this area;

3. persons who were forced to take shelter indoors in an Affected Area ("in-house evacuation").

- Notes

#1 The aforementioned "evacuation", "reside outside an Affected Area," and "in-house evacuation" are referred to collectively as "evacuation, etc.".

Evacuees, etc. also include persons who, after evacuating, returned home and sheltered indoors (although this distinction may be considered when calculating the monetary amount of damages).

#2 Persons residing in an Affected Area are instructed by the Government to evacuate (Evacuation Area and Deliberate Evacuation Area), as mentioned above, or are asked to voluntarily evacuate (In-house Evacuation Area, Evacuation-Prepared Area in Case of Emergency), according to the area. Consequently, with regard not only to persons resident in areas subject to government evacuation instructions, but also persons resident in areas where voluntary evacuation is requested, taking action to evacuate outside the Affected Area and refraining from returning to one's residence, etc. inside the Affected Area from outside the area are rational actions and correspond to evacuation "based on government instructions" and "of necessity" having "to evacuate or to reside temporarily outside the Affected Area. In addition, with regard to persons who did evacuate or reside temporarily outside an Affected Area before the government evacuation instructions or request for voluntary evacuation, such action is deemed to be rational from an objective/ex-post facto perspective, in the light of the government instructions, and therefore such persons should be considered to be included within the category of those who evacuated "based on government instructions" or "of necessity" had to evacuate or to reside temporarily outside an Affected Area.

Types of damage

1. Examination expenses (human)

- Guideline

Where, at any time after the accident, an Evacuee who took indoor shelter in an Affected Area or evacuated outside an Affected Area, arranged for reasonable examination to ascertain exposure to radioactive material, etc., the incurred examination expenses and

expenses incidental thereto (such as travel expenses incurred to undergo the examination) will be recognised as damage warranting compensation.

- Notes

#1 Depending on its volume, radioactive material poses the risk of inflicting significant harm on the human body, and cannot be detected by the human senses. For this reason, if at the very least a person from among those Evacuees, etc. who took indoor shelter in an Affected Area or evacuated outside an Affected Area due to the accident, is concerned that their own body may have been exposed to radiation and undergoes an examination to dispel this concern, then this is arguably rational action.

#2 Concerning examination expenses in the case of a free-of-charge examination, no damages are allowed as the victim did not incur any loss.

#3 Further, if part of the expenses arose due to the accident but before the government evacuation instructions, etc., there are no rational grounds to exclude this from compensation, and therefore this is allowed as damage to be compensated by the examination expenses arising after the date of the accident.

2. Evacuation expenses

- Guidelines

The following expenses incurred by Evacuees, etc., are allowed as damages.

I) Travel expenses, removal expenses for household belongings incurred in order to evacuate outside an Affected Area.

II) Accommodation expenses and expenses incidental thereto incurred as a result of having, of necessity, to reside temporarily outside an Affected Area.

III) If an Evacuee incurs an increase in living expenses due to evacuation, etc., the portion representing the increase.

- Notes

#1 It is appropriate that evacuation expenses incurred by a resident inside an Affected Area (travel expenses, removal expenses for household belongings, accommodation expenses and miscellaneous expenses incidental thereto, hereinafter "accommodation expenses, etc.") should also be eligible for compensation.

Further, as a general rule, evacuation expenses are not allowable for a person who has taken shelter indoors, but expenses corresponding to III) are eligible for compensation, in addition to which mental anguish may also be considered in relation to lifestyle difficulties and worry associated with the obligation to shelter indoors.

In addition, after an In-house Evacuation Area has been lifted, compensation of evacuation expenses, etc. arising after the elapse of a reasonable period of time from the moment of lifting will not be allowable in areas that are no longer subject to any regulations. Consideration will be given to how long this period should be.

#2 Among the evacuation expenses, with regard to I) Travel expenses and removal expenses for household belongings, as a general rule the amount of damages will be calculated from confirmation of receipts, etc. for the expenses actually incurred by residents inside the Affected Area, and the actual amount will be compensated. However, in this instance, it would be difficult to verify the actual expenses from every single receipt obtained from the victims, who number in the tens of thousands, as doing this could actually hinder the provision of prompt relief to the victims. Therefore, a fixed

average amount of damages could be calculated and paid uniformly to all of the affected persons. Urgent consideration will be given to this average amount of damages.

#3 Among the evacuation expenses, with regard to III) Increase in living expenses, the increase portion will be eligible for compensation in cases such as a person who has to take shelter indoors and who has to travel far to purchase food, or an Evacuee who is unable to use their home-grown agricultural produce or where such use is extremely difficult ("inability, etc."), resulting in increased food costs.

#4 Among the evacuation expenses, with regard to II) Accommodation expenses, etc., many variations are conceivable among persons who have carried out evacuation, etc., such as a person who stays in a hotel, inn or the like at their own expense, and a person who stays in a gymnasium, civic hall, evacuation centre, etc., incurring no accommodation costs. Strictly speaking, no accommodation expenses, etc. are actually incurred in the latter case, and therefore such expenses would not be allowed as damages. However, if a person who, relatively speaking, is obliged to live inconveniently for a long period receives less compensation, the result is inevitably unjust and lacks fairness. Consequently, the compensation method could be adjusted, such as (1) uniform compensation for all Evacuees comprising an average amount of accommodation expenses, etc., whether or not they have actually incurred any accommodation expenses, etc.; or (2) in the case of the latter, increasing the payment for mental anguish due to the greater emotional trauma. Urgent consideration will be given to these issues.

3. Injury or death

- Guidelines

For Evacuees, etc., the following are allowed as damages:

I) Loss of earnings, medical treatment expenses, costs of medication, mental anguish, etc. caused by injury, deterioration in state of health, contraction of illness or death due to forced evacuation, etc., of necessity, outside an Affected Area as a result of the accident.

II) Increased examination expenses, medical treatment expenses, costs of medication, etc. in order to prevent deterioration in state of health, etc. arising from forced evacuation, etc. outside an Affected Area, of necessity, as a result of the accident.

- Notes

#1 If an Evacuee, etc. sustains damage to life or limb due to having to evacuate, of necessity, outside an Affected Area due to the accident, ensuing loss of earnings as well as incurred medical treatment expenses, a sum equivalent to the costs of medication, mental anguish, etc. will be allowed as damages. The amount of damages for mental anguish associated with Injury or Death should be calculated on a case-by-case basis according to the extent of the Injury or Death, unlike Section 4 below.

#2 In addition, even in the absence of actual deterioration in state of health due to evacuation, etc. from an Affected Area, it would be reasonable for an elderly person or a person with a chronic condition to receive more costly treatment than before to prevent deterioration in their state of health following evacuation, etc., and therefore the ensuing increase would also be allowed as damages.

#3 Moreover, consideration will be given in the future as to whether conditions such as PTSD (post-traumatic stress disorder) would equate to "damage to limb" discussed here.

4. *Mental anguish*

- Guideline

Regarding emotional trauma experienced by an Evacuee, etc. following the accident (in this case, only where unaccompanied by injury or death), it is difficult to determine which degree of damage has a sufficient causal relationship to the accident. However, with regard to emotional trauma arising from the substantial inability to lead a normal life over a long period following having to evacuate, etc. of necessity, at the very least there is scope for this to be allowed as damages, and urgent consideration will be given to matters including the assessment criteria and calculation factors.

- Notes

#1 As stated above, damage that has a sufficient causal relationship to the accident corresponds to "nuclear damage", and therefore emotional trauma (mental anguish damage) unaccompanied by injury or death should arguably be compensated, provided that a sufficient causal relationship is established.

#2 There are considerable differences in the presence, form and extent, etc. of emotional trauma unaccompanied by injury or death, depending on various factors such as the age, gender, occupation, character, living conditions and family composition of the victim, and from this fact too we can see that there are naturally limits to achieving an objective view of the presence and extent of damage.

However, in this accident, radioactive material was discharged over a wide surrounding area, and there were government instructions to evacuate and take shelter indoors, etc. As a result, civilians in the Affected Areas were forced to evacuate their homes or take shelter indoors, which actually hindered the realisation of a quiet daily life. Further, the duration of the evacuation, etc. is generally long, and many people are living under harsh conditions.

Consequently, in the case of the accident, it is possible to conceive a certain level of mental anguish damage resulting from being substantially hindered from leading a normal life over a long period following having to evacuate, etc., of necessity, at the very least for Evacuees, etc., according to their situation.

#3 It is difficult to make a specific calculation of the monetary amount of damages associated with this mental anguish, but a certain level of mental anguish damage and corresponding monetary compensation may be allowed for the affected persons after categorising the Evacuees, etc. and establishing graduated and reasonable differences based on, for example, the circumstances leading to evacuate, etc., of necessity (by evacuation instructions, in-house evacuation instructions, etc.), the type of evacuation, etc. (evacuation, residing temporarily outside an Affected Area, in-house evacuation), duration of the evacuation, etc., living environment in the evacuation facilities and living conditions in other types of evacuation, etc.

On the other hand, as stated under Section 2 (Evacuation expenses) above, generally speaking persons who stay in a gymnasium, civic hall, evacuation centre, etc., incurring no accommodation costs, suffer greater mental anguish than persons who stay in a hotel, inn or the like at their own expense. Therefore, in consideration of this difference, it seems reasonable to calculate a fixed sum, regardless of the place of accommodation, and approve compensation for both the former and latter, and this will also be considered.

#4 As well as mental anguish accompanied by injury or death, and mental anguish accompanied by the substantial inability to lead a normal life following evacuation, etc., as discussed above, various other forms are conceivable, such as mental anguish after exposure to at least a certain level of radioactive material. Of course, generalised, abstract concern and apprehension about the nuclear accident and the discharge of radioactive material is not allowable as mental anguish damage. Concerning cases in which this kind

of generalised, abstract concern and apprehension is exceeded, consideration will be given as to what can be considered to be damage, and the extent thereof.

5. *Business damages*

- Guidelines

I) If a person previously conducted all or part of a business in an Affected Area and the business was obstructed by government instructions to evacuate, etc., making it impossible for them to conduct the business, etc., with regard to sales, trading, etc., where an actual reduction in income was sustained, this reduction in income will be allowed as damages.

As a general rule, the aforementioned reduction in income will be a sum calculated by deducting the cost of sales that would have been incurred had the accident not occurred (i.e. avoided as a result of the accident) from the sales that would have been received had the accident not occurred (loss of earnings).

II) Further, additional expenses incurred as a result of obstruction to the business as described above (such as costs incurred for the disposal of products and business assets), as well as additional expenses incurred to avoid business obstruction or due to a change of business (such as costs of relocating the business, costs of transfer/storage of business assets), will be allowed as damages to a reasonable extent.

- Notes

#1 If a person engaged partly or fully in agriculture or another business in an Affected Area was hindered from carrying on the business due to their own or their employees' evacuation, etc., of necessity, outside the Affected Area on government instructions to evacuate, etc., or due to their being hindered in travelling to/from the Affected Area with vehicles, products, etc., losses associated with the business will be allowed as damages.

Applicable businesses include agriculture, forestry and fisheries, manufacturing, construction, retail, services, transportation and other businesses in general, without limitation to for-profit business, and a business may be eligible if it is only partially conducted in an Affected Area.

Additional expenses will also be allowed as damages to a necessary and reasonable extent, such as the costs of disposing or returning products or business assets due to obstruction to the business as described above, or the cost of relocating the business outside an Affected Area in order to avoid such a situation or the cost of transporting the business assets, etc. required for the business (including cattle), costs incurred in changing the business, etc.

#2 In the event that the cost of sales has already been incurred for the sake of future sales, or is incurred on a continuous basis, it will be appropriate to calculate the reduction in income (loss) without deducting such cost of sales on the basis that it was not avoided as a result of the accident.

#3 Further, if part of the expenses arose due to the accident but before the government instructions to evacuate, etc., there are no rational grounds to exclude this from compensation, and therefore business damage arising after the date of the accident will be allowed as damages to be compensated.

#4 The calculation method, etc. for damages incurred up until the disbandment or bankruptcy of a business is a difficult issue, and will be considered going forward.

6. Damages arising from incapacity to work

- Guideline

If a worker who has their place of employment in an Affected Area suffers incapacity, etc. to work following evacuation, etc., of necessity, associated with this area, the reduction in their salary, etc. will be allowed as damages.

- Notes

#1 If a worker subject to evacuation, etc., of necessity, within an Affected Area suffers incapacity, etc. to work, for example when their place of work in the Affected Area is closed as a result of the accident or the place of evacuation is far from the place of work, then arguably the reduction in salary, etc. corresponds to damage with a sufficient causal relationship to the accident.

Further, incapacity, etc. to work also includes dismissal or other termination of employment that has a sufficient causal relationship to the accident.

#2 However, loss of earnings of self-employed persons or persons employed in home agriculture, etc., is not eligible for damages for incapacity to work, etc. as described here, as this may be eligible for separate business damages.

#3 In addition, if during the period of incapacity to work, etc. the employer paid the worker a salary, etc., the loss incurred by the employer constitutes damage, and this should be considered as the employer's business damages.

On the other hand, wages that have not yet been paid, despite the work having been done, ought to have been paid by the employer, and if it is acknowledged that the inability, etc. to pay such wages was due to the accident, then the affected portion of wages may correspond to the worker's damages.

#4 Further, if there are damages associated with incapacity to work, etc., that arose due to the accident but before the government instructions to evacuate, etc., there are no rational grounds to exclude them from compensation, and therefore damage arising after the date of the accident will be allowed as damages to be compensated.

#5 Further, a person who was not yet employed, but was due to be employed, may be eligible for compensation for damage arising from incapacity to work, etc., depending on the certainty of the employment.

7. Examination expenses (material)

- Guideline

Concerning property, including products, in an Affected Area, if (i) confirming the security of said property through examination is necessary and reasonable due to the nature, etc. of the property, or (ii) an examination was necessitated at the request of a trading partner, etc., the examination expenses incurred by the victim will be allowed as damages.

- Notes

#1 The full extent of damage from the accident is yet to be determined, and it is unclear whether exposure from radioactive material is of sufficient quantity to cause loss of or reduction in the value of individual items of property.

However, the value or price of property is significantly affected by psychological and subjective factors including the impression, awareness, recognition, etc. of the person engaged in the trading, etc. of said property. Moreover, in many cases examination of the

property is also deemed to be necessary in order to prevent refusal by trading partners to do business, requests for cancellation or reduction in value, etc., and also to minimise an increase in business damages.

Consequently, it would be appropriate to allow the incurred examination expenses as damages if (i) based on the understanding of an average, ordinary person, it would be reasonable for the owner, etc. of the property, concerned for its security due to its type and nature, to conduct an examination to eliminate this concern, or (ii) an examination is necessitated at the request, etc. of a trading partner.

#2 Further, if part of the examination expenses arose due to the accident but before the government instructions to evacuate, etc., there are no rational grounds to exclude this from compensation, and therefore damage arising after the date of the accident will be allowed as damages to be compensated.

8. Loss or reduction, etc. of property value

- Guidelines

For property, the following, which have actually occurred, are allowed as damages: herein, "property" means immovable as well as movable property.

I) If following evacuation, etc. of necessity under government instructions, it is recognised that property owned in an Affected Area has lost all or part of its value due to inability, etc. to manage the property, the real reduction in value and related additional expenses (such as the cost of disposing of the property) will be allowed as damages, to a reasonable extent.

II) In addition to the provisions of I), if the property is in an Affected Area when the accident occurred, and

(i) it was exposed to radioactive material of sufficient quantity to cause loss of or reduction in the value of the property,

or,

(ii) although not corresponding to (i), based on the understanding of an average, ordinary person, it can be recognised that all or a part of the value of the property has been lost due to the accident, in view of the property's type, nature and trading form, etc., then the real loss of or reduction in value and additional expenses for decontamination and the like would be allowed as damages.

- Notes

#1 With regard to I), if it is recognised that after evacuation, etc. from an Affected Area, it becomes necessary to dispose of agricultural produce as waste without being able to harvest it, due to inability, etc. to manage agricultural produce or cattle, etc., or if it is recognised that all or part of the value of said agricultural produce is lost due to the death of cattle, etc., the real loss of or reduction in the value will be allowed as damages.

However, if said property is a product, whether to assess as a loss of or reduction in property value (objective value), or as a reduction in business income (loss of earnings), should be determined according to the individual circumstances.

Further, if it is not possible to actually confirm the loss of or reduction in value due to inability to enter the area, the loss or reduction could be calculated on the basis that it is highly probable, but consideration will be given to the method to be adopted when this probability cannot be assumed.

#2 With regard to II) (i), when the value of the property has been lost or reduced due to the adherence of radioactive material discharged as a result of the accident, this loss in value or reduction in value will be eligible for compensation.

#3 With regard to II) (ii), even if no loss of or reduction in property value due to the adherence of radioactive material as described in II) (i) is recognised, if based on the understanding of an average, ordinary person, it is inevitably recognised that the property value has been lost or reduced in view of the property's type, nature and trading form, etc., having duly considered that the value or price of the property is significantly affected by psychological and subjective factors including the impression, awareness, recognition, etc. of the person engaged in the trading, etc. of said property, then it will be eligible for compensation.

#4 Moreover, regarding II) (i) and (ii), measures such as decontamination may be required to restore the lost or reduced value of the property. In this case, the damages are either the loss of or reduction in the value, or the cost of measures such as decontamination. Consideration will be given to this issue going forward.

#5 Concerning damage such as that arising from the cancellation of a real estate sale/purchase contract, the refusal to offer financing secured by real estate, damage due to a decrease in the scheduled sale price, or damage due to a reduction in rent or cancellation of a rental contract after the accident, consideration will be given to whether such damages have a sufficient causal relationship to the accident.

Part 4. Damage related to government establishment of marine exclusion zones

Affected Areas

Circular ocean area within a 30-km radius centred on the Fukushima Daiichi nuclear power plant, designated by the Japan Coast Guard as a marine exclusion zone.

Types of damage

1. Business damages

- Guideline

Following the establishment of a marine exclusion zone, both of the following will be allowed as damages, to a reasonable extent: (1) in the case that a fishing operator has been forced to abandon operations in the Affected Area and has sustained a real reduction in income, the reduction in income; (2) in the case that a person, etc. engaged in coastal shipping or coastal passenger transport operations incurs increased costs or sustains a reduction in income due to the need to circumnavigate the affected region, the increase in costs or reduction in income.

- Notes

#1 Following the establishment of a marine exclusion zone by the Japan Coast Guard, if a fishing operator abandons fishing in the Affected Area due to it being dangerous, this is recognised as rational action, and therefore any reduction in income resulting therefrom is allowed as damages.

The method of calculating the reduction in income is the same as provided for in Part 3 Section 5 (Business damages).

#2 Similarly, if a coastal shipping operator or coastal passenger transport operator is forced to use a different route to avoid the Affected Area due to the danger of navigating through this area, and incurs additional costs or a reduction in income, the increase in costs or reduction in income will also be allowed as damages, to a necessary and reasonable extent.

The method of calculating the reduction in income is the same as provided for in Part 3 Section 5 (Business damages).

#3 Further, if damage arose due to the accident but before the government establishment of a marine exclusion zone, there are no rational grounds to exclude this from compensation, and therefore business damage arising after the date of the accident will be allowed as damages to be compensated.

2. Damages arising from incapacity to work

- Guideline

If following the establishment of the marine exclusion zone, a fishing operator or coastal shipping operator, etc. suffers business deterioration due to inability, etc. to operate in this zone, and consequently the workers employed there are incapable of working, the reduction in income including salary will be allowed as damages.

- Note

The same as Part 3, Section 6, Notes #1 through #5 (excluding those parts related to difficulty in commuting to work, etc. specific to evacuation, etc.).

Part 5. Damages related to shipping restriction orders, etc. issued by the Government, etc.

Affected Areas and commodity items

In the Preliminary Guidelines, for the time being, applicable damages are those related to areas and their affected commodity items for which the Government has issued shipping restriction orders or where local government authorities have issued requests for voluntary restraint in relation to shipments or operations that were carried out in connection with the accident based on rational grounds (including where carried out by producer groups in connection with the accident with the involvement of the government or local authorities, based on rational grounds; hereinafter "shipping restriction orders, etc. issued by the Government, etc.").

However, consideration will be given to the extent of eligible compensation associated with shipping restriction orders, etc. issued by the Government, etc. outside the above areas and other than the above commodity items, as damage that has been caused by the return of goods, cessation of shipments, fall in prices, etc.

Types of damage

1. Business damages

- Guidelines

I) If an operator engaged in agriculture, forestry or fisheries abandons, of necessity, the shipment or operation of a commodity item associated with shipping restriction orders, etc. issued by the Government, etc., and sustains a reduction in income, this reduction in income will be allowed as damages.

II) Additional expenses (including the costs of product disposal) arising from the aforementioned abandonment of shipment or operation will also be allowed as damages, to a reasonable extent.

III) Damages will also be allowed for a reduction in income sustained by a distributor, etc. that has supplied a commodity item and, of necessity, abandons sale, etc. of the commodity item due to shipping restriction orders, etc. issued by the Government, etc.

- Notes

#1 When a reduction in income is sustained after being forced to abandon the shipment or operation of a commodity item in an area covered by a shipping restriction order issued by the Government, this will be allowed as damages.

The method of calculating the reduction in income is the same as provided for in Part 3 Section 5 (Business damages).

Additional expenses including the costs of product disposal arising from the aforementioned abandonment of shipment or operation will also be allowed as damages, to the extent that this is necessary and reasonable.

#2 With regard to prefectural or other local authorities' requests for voluntary restraint relating to shipment or operation, for example in the case that radioactive material exceeding the provisional safety limit for a specific commodity item has been detected, the associated reduction in income and additional expenses will be allowed as damages as per Note #1), on the basis that this was carried out in connection with the accident on rational grounds.

#3 If a request for voluntary restraint, etc. has been made by a producer group in relation to shipment or operation, it is difficult to state whether all damage has a sufficient causal relationship to the accident, but at the very least the reduction in income and additional expenses related to requests for voluntary restraint made by fisheries groups in Fukushima prefecture based on discussions with the prefecture will be allowed as damages as per Note #1), based on circumstances such as the establishment of a navigation exclusion area off the coast of Fukushima and the discharge of contaminated water.

#4 Where shipment or operation was voluntarily suspended prior to shipping restriction orders, etc. issued by the Government, etc., this can also be assumed to have been carried out based on a rational judgement following the occurrence of the accident, and since there are no rational grounds to exclude this from compensation, damage arising after the date of the accident will be allowed as damages to be compensated.

#5 As for producers, damages will also be allowed for a reduction in income sustained by a distributor, etc. that has supplied a commodity item and, of necessity, abandons sale, etc. of the commodity item due to shipping restriction orders, etc. issued by the Government, etc. The calculation method of damages is the same as provided for in Part 3 Section 5 (Business damages).

2. Damages arising from incapacity

- Guideline

If an operator engaged in agriculture, forestry or fisheries producing an affected commodity item suffers business deterioration following shipping restriction orders, etc. issued by the Government, etc., and consequently the workers employed there are incapable of working, the reduction in income including salary will be allowed as damages for the victims.

- Notes

The same as Part 3, Section 6, Notes #1 through #5 (excluding those parts related to difficulty in commuting to work, etc. specific to evacuation, etc.).

Secondary Guidelines on Determination of the Scope of Nuclear Damage resulting from the Accident at the Tokyo Electric Power Company Fukushima Daiichi and Daini Nuclear Power Plants

31 May 2011

Dispute Reconciliation Committee for Nuclear Damage Compensation

Part 1. Introduction

1. On 28 April 2011, the Preliminary Guidelines on Determination of the Scope of Nuclear Damage resulting from the Accident at the Tokyo Electric Power Company Fukushima Daiichi and Daini Nuclear Power Plants were finalised and published.

The Preliminary Guidelines stated that types of damage and the scope thereof, as well as specific damage calculation methods not encompassed by the Preliminary Guidelines, would be considered going forward.

2. Accordingly, the present guidelines ("Secondary Guidelines") clarify the basic approach to those matters which it is possible to present additionally at this moment, from among types of damage and the scope thereof not encompassed by the Preliminary Guidelines, and also clarify specific calculation methods for some of the damage types encompassed by the Preliminary Guidelines.

Specifically, the following are considered: (1) as "damage related to government evacuation instructions, etc.": "temporary access expenses", "homecoming expenses", "mental anguish damage (mental anguish damage arising from, of necessity, having lived as an Evacuee)", "damage calculation method for evacuation expenses", "damage calculation method for mental anguish arising from, of necessity, having lived as an Evacuee"; (2) as "damages related to shipping restriction orders, etc. issued by the Government, etc.": "damages related to abandoned planting of commodity items covered by shipping restriction orders, etc.", "damages arising after the lifting of shipping restriction orders, etc."; (3) "damages related to planting restriction orders, etc. issued by the Government, etc."; and (4) "so-called 'rumour-related' damage".

3. Further, items not encompassed by the Preliminary Guidelines and Secondary Guidelines that are not excluded from the damage to be compensated will also be considered going forward, as stated under Part 1 Introduction paragraph 2 of the Preliminary Guidelines.

Part 2. Damage related to government evacuation instructions, etc.

Types of damage

1. Temporary access expenses

- Guideline

Among persons subject to evacuation, etc. on the instructions of the Government, a person with a home in a Restricted Area (which may also be an Evacuation Area; same

hereinafter) who incurs travel expenses, removal expenses for household belongings, decontamination expenses, etc. (including accommodation expenses where a night's stay before or after is essential; same hereinafter) will be eligible for compensation, to a necessary and reasonable extent.

- Notes

#1 Among persons subject, of necessity, to evacuate, etc. outside an Affected Area on government evacuation instructions, etc., from 10 May 2011, persons with a home in a Restricted Area to which access is generally prohibited (within a 20-km radius from the Tokyo Electric Power Company Fukushima Daiichi nuclear power plant; excluding persons who have a home within 3 km of this nuclear power plant) have been able to return home temporarily by participating in "temporary access" carried out by towns and villages with the support of the Government and prefecture, in order to collect the items they need for daily life, etc.

This "temporary access" is carried out by means of the participants gathering at a "temporary access" rendezvous departure point (relay site) and travelling to their home district in special buses, on a district-by-district basis.

#2 However, when travelling from a place in which they are staying outside of an Affected Area to the aforementioned departure point, it cannot be denied that return travel expenses and the like are incurred at own expense, as well as travel expenses from the rendezvous point to their home district, decontamination expenses for persons and objects, removal expenses for household belongings (including cars), etc.

The expenses thus incurred for participation in "temporary access" can be allowed as damages with a sufficient causal relationship to the accident, since persons who, of necessity, had to evacuate, etc. as a result of the accident were strictly prohibited from entering Restricted Areas containing their homes due to the discharge of radioactive material as a result of the accident, and expenses were necessitated in order for them to collect the items necessary for daily life from their homes, etc.

Consequently, the travel expenses, removal expenses for household belongings, decontamination expenses, etc. (including accommodation expenses where a night's stay before or after is essential; same hereinafter), which are incurred at own expense in order to participate in "temporary access" as described above, are eligible for compensation, to a necessary and reasonable extent.

#3 The calculation method for such travel expenses, etc. is the same as described under "Calculation method for damages" below.

2. Homecoming expenses

- Guideline

Travel expenses and removal expenses for household belongings incurred by an Evacuee, etc. as a result of the accident in order to return to their home in an Affected Area will be eligible for compensation, to a necessary and reasonable extent.

- Notes

#1 Following the lifting of the In-house Evacuation Area on 22 April 2011, certain people staying outside an Affected Area were able to return to their home inside the Affected Area.

The travel expenses and removal expenses for household belongings incurred in order to return to their home in this way will be eligible for compensation, to a necessary and

reasonable extent, in the same way as evacuation expenses described under Part 3, Section 2 of the Preliminary Guidelines.

#2 The calculation method for such travel expenses and removal expenses for household belongings is the same as described under Section 1 of "Calculation method for damages" below.

3. Mental anguish damage (mental anguish damage arising from having, of necessity, lived as an Evacuee)

- Guidelines

I) For a person who was subject to evacuation, etc. due to the accident and who, of necessity, continued to reside outside an Affected Area, the emotional trauma arising from being substantially hindered from leading a normal life over a long period due to having, of necessity, lived away from their home will be allowed as damage to be compensated.

II) Similarly, for a person who, of necessity, had to take shelter indoors due to the accident and whose freedom of movement is restricted, etc., the emotional trauma arising from being substantially hindered from leading a normal life over a long period will be allowed as damage eligible for compensation.

- Notes

#1 As stated in Part 3, Section 4, Note #2 of the Preliminary Guidelines, from among the mental anguish damage resulting from the accident, it is possible to conceive of damage to be compensated at the very least for the considerable number of Evacuees, etc., according to their situation, who (1) had to evacuate and continuously reside outside an Affected Area, and to live away from their home for a long period, or (2) of necessity, had to take shelter indoors and have had their freedom of movement restricted, etc. over a long period, and who suffered long-term mental anguish due to evacuation, etc. (hereinafter collectively referred to as "mental anguish damage arising from having, of necessity, to live as an Evacuee").

Consequently, this mental anguish damage will be eligible for compensation, to a reasonable extent.

The calculation method for such mental anguish damage is the same as described under Section 2 of "Calculation method for damages" below.

#2 Various other forms of mental anguish arising from the accident are conceivable, for example mental anguish resulting from specific concern about one's state of health due to being exposed to a considerable amount of radiation, etc. and whether these should be eligible for compensation will continue to be considered going forward.

Calculation method for damages

1. Calculation method for damages comprising evacuation expenses

- Guidelines

I) Among evacuation expenses, with regard to "travel expenses", "removal expenses for household belongings", and "accommodation expenses, etc.", the expenses actually incurred by an Evacuee, etc. are eligible for compensation, and it is reasonable to calculate this by setting the amount actually incurred as the amount of damages.

However, if it proves difficult to verify the amount of damages from receipts or the like, then the amount of damages should be confirmed by means of estimation using objective statistical data, etc.

II) On the other hand, with regard to "increase in living expenses" among the evacuation expenses, as a general rule it is reasonable to add these expenses to the mental anguish damage arising from having, of necessity, lived as an Evacuee, and assign this fixed sum, after addition, as the amount of damages for both.

The specific method is described under Section 2 of "Calculation method for damages" below.

- Notes

#1 In the Preliminary Guidelines, with regard to "travel expenses" and "removal expenses for household belongings" among the evacuation expenses, as a general rule the amount actually incurred is eligible for compensation, but in order to provide prompt relief for the victims, a fixed average amount of damages could be calculated and paid uniformly to all of the applicable persons, and it was stated that urgent consideration would be given to this average amount of damages (see Preliminary Guidelines Part 3, Section 2, Note #2).

In addition, with regard also to "accommodation expenses, etc." among the evacuation expenses, a certain adjustment could conceivably be made to avoid a result that depends on the place of accommodation, etc. and is unjust and lacks fairness, such as (1) uniform compensation for all Evacuees comprising an average amount of accommodation expenses, etc., whether or not they have actually incurred any accommodation expenses, etc., or (2) in the case of accommodation in a gymnasium, civic hall, evacuation centre, etc., increasing the payment for mental anguish due to the greater emotional trauma. It was stated that urgent consideration would be given to these issues (see Preliminary Guidelines Part 3, Section 2, Note # 4).

#2 However, on subsequently investigating, to a certain extent, the evacuation status and expenditure, etc. of the Evacuees, etc., with regard to one-off "travel expenses" and "removal expenses for household belongings", it was inferred that a considerable number of people had not incurred these expenses at own cost. Moreover, since the final evacuation destinations extend around the country and various means of travel are employed, there is considerable variance in the amount of these expenses, even among those who have incurred expenses at own cost. In addition, with regard also to "accommodation expenses, etc., in many cases these are assumed by local government authorities, etc., and since it is understood that relatively few people continue to incur these expenses at own cost, it was inferred that there is considerable variance in the amount incurred at own cost, according to the place of accommodation. Therefore, with regard to these types of damage, a method of compensating all Evacuees, etc. with a fixed "average amount of damages" does not necessarily correspond to the actual situation, nor is it thought to be fair.

In addition, when compensating the actual amount of expenses incurred, in line with the general rule, verifying the expenses is problematic. If it is not possible to verify the amount from receipts or the like, then the amount of damages should be confirmed by means of estimation using objective statistical data, etc. For example, for "travel expenses" incurred when evacuating in one's own vehicle, the cost of the gasoline required to reach the destination, based on the distance travelled, and in the case of "accommodation expenses, etc.", the average cost of accommodation, etc. in the surrounding area could be calculated and used to estimate the amount of damages. By using this approach, it can hardly be said that the victims have been especially disadvantaged, even if the actual expenses had been compensated in principle.

In the light of the above, with regard to "travel expenses", "removal expenses for household belongings", and "accommodation expenses, etc.", it is fair and reasonable for only those persons who have incurred expenses for the above damage types at own cost to receive

compensation for the expenses actually incurred, to a reasonable extent, in line with the general rule, rather than calculating an amount on the assumption that all applicable persons have incurred the same average amount, or have incurred average expenses.

#3 At the same time, with regard to "increase in living expenses" among the evacuation expenses, in the Preliminary Guidelines it was stated that increased food costs, etc. resulting from evacuation, etc. could be eligible for compensation (see Preliminary Guidelines, Part 3, Section 2, Note #3).

However, this "increase in living expenses" resulting from evacuation, etc. is likely to be experienced by the vast majority of Evacuees, etc., and it is normally not such a large monetary sum, with little variation between individual people. At the same time, it is extremely difficult to precisely calculate the actual costs incurred, and it would be harsh on the victims to request evidence.

Moreover, this "increase in living expenses" is closely correlated with the living conditions, etc. associated with evacuation, etc. and continuing to reside outside an Affected Area or to take shelter indoors, and therefore it is judged to be fair and reasonable to add these expenses to the mental anguish damage arising from having, of necessity, lived as an Evacuee, and calculate a lump sum comprising both expenses.

However, ultimately the calculation of a lump sum "increase in living expenses" as an element additional to mental anguish damage arising from having, of necessity, lived as an Evacuee, as described above, only envisages expenses within a normal range, and if among those Evacuees, etc., there are persons who, of necessity, have assumed a particularly large increase in living expenses, the actual amount of expenses incurred will only be eligible for separate compensation where such special circumstances exist, to a reasonable extent.

2. Calculation method for damages comprising mental anguish damage arising from having, of necessity, lived as an Evacuee

- Guidelines

I) Regarding the amount of damages for mental anguish arising from having, of necessity, lived as an Evacuee, etc., it is judged to be reasonable to calculate a fixed amount of damages by adding the amount of mental anguish damages to the increase in living expenses described in Section 1 of "Calculation method for damages".

II) Further, when calculating the specific amount, the degree of mental anguish is likely to differ between people, in consideration of factors such as the living environment, convenience and level of privacy, depending on the place of accommodation, etc., and therefore graduated differences in monetary amount could be established in the order shown below. We will continue to examine this issue.

(1) Evacuation centre, gymnasium, civic hall, etc.

(2) Apartment, rental house, municipal house, emergency housing, own home, home of relative/acquaintance, etc.

(3) Hotel, inn, etc.

III) Regarding a person who, of necessity, (4) sheltered indoors for a long period, while mental anguish is not conceivable in the same way as cases (1) through (3) above, since the person has been living in their own home, the amount of damages could be calculated so as not to exceed the amount calculated for (3), in consideration of the restriction on freedom of movement, such as not being able to go outside. We will continue to examine this issue.

- Notes

#1 In the Preliminary Guidelines, with regard to the amount of damages for mental anguish arising from having, of necessity, lived as an Evacuee, etc., it was stated that (i) a certain level of mental anguish damage and corresponding monetary compensation may be allowed for the applicable persons after categorising the Evacuees, etc. and establishing graduated and reasonable differences based on factors such as the living environment in evacuation, or (ii) a fixed sum could be calculated, regardless of the place of accommodation, and an amount of damages could be approved for both the former and latter, and that this would be considered going forward (Preliminary Guidelines, Part 3, Section 4, Note #3).

However, with regard to "accommodation expenses, etc. as stated under Section 1 (Types of damage), Note #2, compensating the actual amount of expenses incurred would not necessarily hinder prompt relief for the victim, and this was judged to be fair and reasonable, in consideration of the evacuation conditions and expenditure of the Evacuees, etc.

Therefore, we reached the conclusion that method (i) above was reasonable.

#2 As stated under Section 1 (Types of damage), Note #3, among the evacuation expenses, as a general rule it was judged to be fair and reasonable to add "increase in living expenses" to damage for mental anguish arising from having, of necessity, lived as an Evacuee, etc., and calculate both as a fixed sum.

With regard to damage for mental anguish arising from having, of necessity, lived as an Evacuee, etc., if it is assumed that eligibility for compensation should be limited to having, of necessity, to reside outside an Affected Area or to take shelter indoors for at least a certain length of time, then the calculation method for damages could, for example, comprise calculating a monthly sum. We will continue to examine this issue going forward.

Part 3. Damages related to shipping restriction orders, etc. issued by the Government, etc.

1. Damages related to abandoned planting of commodity items covered by shipping restriction orders, etc.

- Guidelines

I) If an operator engaged in agriculture or forestry is forced to abandon planting, either wholly or partially, of a commodity item due to shipping restriction orders, etc. issued by the Government, etc. (hereinafter "damage related to shipping restriction orders, etc. issued by the Government, etc.", as in Part 5 of the Preliminary Guidelines), and sustains a reduction in income as a result thereof, this reduction in income will be allowed as damage to be compensated (business damages).

Additional expenses (including the costs of disposing of seedlings) arising from the aforementioned abandonment of planting will also be allowed as damage to be compensated (business damages), to a reasonable extent.

II) If an operator engaged in agriculture or forestry suffers business deterioration after being forced to abandon planting, either wholly or partially, of a commodity item due to shipping restriction orders, etc. issued by the Government, etc., and consequently the workers employed there are incapable of working, the reduction in income including salary will be allowed as damage to be compensated.

- Notes

#1 If an operator engaged in agriculture, forestry or fisheries is forced to abandon the shipment or operation of a commodity item associated with shipping restriction orders, etc. issued by the Government, etc., and sustains a reduction in income, this reduction in income and additional expenses will be allowed as damage to be compensated, to a reasonable extent, as stated in Part 5 Section 1 of the Preliminary Guidelines.

Moreover, in the case of an operator engaged in agriculture or forestry, a considerable period of time is required from planting of the agricultural or forestry commodity until shipment, and although the planting itself is not restricted by a shipping restriction order, etc. issued by the Government, etc., if such an order is actually issued and is not expected to be lifted, in many cases the planting would inevitably be abandoned, either wholly or partially. Therefore, the ensuing reduction in income and additional expenses, as well as damage associated with incapacity to work, etc., are allowed as damage to be compensated, except where the decision to abandon planting is unreasonable.

#2 The method of calculating the reduction in income is the same as provided for in Part 3 Section 5 (Business damages) of the Preliminary Guidelines. Concerning damages associated with incapacity, etc., this is the same as Part 3, Section 6, Note #1 through #5 of the Preliminary Guidelines (excluding those parts related to difficulty in commuting to work, etc. specific to evacuation, etc.).

2. Damages arising after the lifting of shipping restriction orders, etc.

- Guidelines

I) If an operator engaged in agriculture, forestry or fisheries abandons, of necessity, the shipment, operation or planting of a commodity item associated with shipping restriction orders, etc. issued by the government, etc., and sustains a reduction in income even after the order has been lifted, this reduction in income will also be allowed as damage to be compensated.

II) Further, any additional expenses necessitated to re-start such shipment, operation or planting after the lifting of the order, etc. (including the cost of re-establishing agricultural land or equipment) will also be allowed as damage to be compensated, to a reasonable extent.

- Note

The method of calculating the reduction in income is the same as provided for in Part 3 Section 5 (Business damages) of the Preliminary Guidelines.

Part 4. Damages related to planting restriction orders, etc. issued by the Government, etc.

Affected Areas and commodity items

Applicable damage is that related to areas and their applicable commodity items for which the Government has issued planting restriction orders or guidance on restricted grazing or pasture grass provision, etc., or where local government authorities have issued requests for voluntary restraint in relation to planting or other farming that was carried out in relationship with the accident based on rational grounds (including where carried out by producer groups in connection with the accident with the involvement of the Government or local authorities, based on rational grounds; hereinafter "planting restriction orders, etc. issued by the Government, etc.").

Types of damage

1. Business damages

- Guidelines

I) If a farmer is forced to wholly or partially abandon the planting of a commodity item or other farming-related actions such as the provision of grazing and pasture grass (hereinafter "planting, etc.") due to planting restriction orders, etc. issued by the Government, etc., and sustains a reduction in income as a result thereof, this reduction in income will be allowed as damage to be compensated.

II) Additional expenses (including the costs of purchasing replacement feed) arising from the abandonment of planting, etc. will also be allowed as damage to be compensated, to a reasonable extent.

- Notes

#1 The method of calculating the reduction in income is the same as provided for in Part 3 Section 5 (Business damages) of the Preliminary Guidelines.

#2 Where planting, etc. of an applicable commodity item was voluntarily suspended prior to the issuance of planting restriction orders, etc. by the Government, etc., this can also be assumed to have been carried out based on a rational judgement following the occurrence of the accident, and since there are no rational grounds to exclude this from compensation, damage arising after the date of the accident will be allowed as damage to be compensated.

2. Damages arising from incapacity

- Guidelines

If a farmer producing an applicable commodity item suffers business deterioration following planting restriction orders, etc. issued by the Government, etc., and consequently the workers employed there are incapable of working, the reduction in income for such workers, including salary, will be allowed as damage to be compensated.

- Notes

The same as Part 3, Section 6, Notes #1 through #5 of the Preliminary Guidelines (excluding those parts related to difficulty in commuting to work, etc. specific to evacuation, etc.).

Part 5. So-called "rumour-related" damage

1. General criteria

- Guidelines

I) Although there is no established definition of so-called "rumour-related" damage, in these Guidelines "rumour-related" damage refers to concern about the risk of contamination with radioactive material in relation to products or services, due to facts that are widely known through media reports, leading consumers or trading partners to refrain from purchasing the product or service, or stop trading in the service or product, resulting in damage.

II) "Rumour-related" damage is eligible for compensation if there is a sufficient causal relationship to the accident. The general criterion for this is as follows: when a consumer or trading partner is concerned about the risk of contamination with radioactive material resulting from the accident in relation to a product or service, and their psychological state of wanting to avoid the product or service is reasonable from the perspective of an average, ordinary person.

III) With regard to the specific kind of "rumour-related" damage that is allowable as damage with a sufficient causal relationship to the accident, the following approach can be adopted, after breaking it down into different types such as the nature of the business or product, region, type of damage, etc., based on the characteristics of each industry:

(1) Damage within a certain scope of types arising due to reluctance to purchase, etc. after the accident (damage corresponding to Guideline IV); same hereinafter) is deemed to have a sufficient causal relationship to the accident, as a general rule.

(2) With regard to damage types other than (1), damage arising due to reluctance to purchase, etc. after the accident is verified on a case-by-case basis to judge whether it has a sufficient causal relationship to the accident, with due consideration of the general criteria stated in II). The matters to be considered in making this judgement are indicated in these Guidelines and in guidelines to be published in the future.

IV) Types of damage comprise the following damage arising due to reluctance to purchase, cessation of trading, etc. by consumers or trading partners in relation to products or services.

(1) Business damage

Reduction in income and reasonable additional expenses (such as the cost of returning or disposing of products) due to a drop in transaction volumes or prices.

(2) Damage arising from incapacity

A reduction in the salary or other income of workers at a business that suffers deterioration following the reduction in income described in (1) above, resulting in the workers being incapable of working.

(3) Examination expenses (material)

Examination expenses necessitated by a trading partner's request for examination.

- Notes

#1 The expression so-called "rumour-related" damage is interpreted in various ways by different people, and is sometimes used to mean damage arising from psychological concern that induces customers or trading partners to avoid purchasing/trading in a product or service due to worry about the risk, even though there is no risk due to radioactive material or the like at all. However, when related to a nuclear accident such as the accident, at the very least it should be regarded as an adverse reaction by the market in order to avoid the risk of contamination with radioactive material, which is not necessarily clear scientifically, and consequently there is eligibility for compensation as nuclear damage where such avoidance behaviour can be said to be reasonable.

From this understanding, while it is intrinsically desirable to avoid the expression "rumour-related" damage, currently no appropriate substitute expression has been indicated in court procedure. Unlike business damage resulting from the abandonment of business following evacuation, etc., this type of damage is characterised in the way that the thinking, judgement, actions, etc. of third parties such as media organisations, consumers and trading partners intervene, so it cannot be denied that this is a special type of damage.

Therefore, we use the expression "rumour-related" damage as defined in I), while cautioning against the misunderstanding it can provoke, as described above.

#2 As well as agricultural, forestry or fisheries produce and other foods, "rumour-related" damage also includes products in general and intangible services (such as the various services provided by tourism).

#3 Inherently, the denotation of "rumour-related" damage is not necessarily clear, and ultimately whether there is sufficient causal relationship to the accident should be ascertained on a case-by-case basis. For this form of damage, indicating the types of damage with a particularly high probability of sufficient causal relationship to the accident, and the issues to be considered when determining whether a sufficient causal relationship exists, should be effective in resolving disputes related to the accident.

Concerning damage corresponding to type III) (1), where this is damage resulting from reluctance to purchase, etc. arising after the accident, as a general rule this alone would allow it to be inferred as damage with a sufficient causal relationship to the accident.

For the time being, only damage that is judged to correspond to type III) (1) is presented in the Secondary Guidelines, and consideration will be given to additionally presenting as type III) (1) other types of damage that are judged to have a sufficient causal relationship to the accident.

In making this judgement, market trends such as the handled volumes, pricing, etc. of products and services constitute an important element, as do the various enacted measures to stem rumour damage (for example, the request made by the Minister of Economy, Trade and Industry on 22 April 2011 concerning the manufacturing sector, asking for consideration in business dealings with sub-contracting SMEs).

#4 The scope of the type described in III) (1) may vary depending on the type of damage.

#5 As stated above, in the Secondary Guidelines and future guidelines, as a general rule the types presented as type III) (1) are those types for which a sufficient causal relationship to the accident can be affirmed, but "rumour-related" damage with a sufficient causal relationship to the accident is not limited to these types. With regard also to "rumour-related" damage not corresponding to type III) (1) (*i.e.* "rumour-related" damage corresponding to III) (2)), damage that is separately proven to have a sufficient causal relationship to the accident will be eligible for compensation.

The method of proving this could involve the use of rational techniques based on objective statistical data, for example.

#6 If the dual influence of a cause other than the accident is recognised (for example, a downturn in consumer confidence due to the Great East Japan Earthquake itself), this will be allowed as damage to be compensated, to the extent that it has a reasonable causal relationship to the accident.

#7 Further, since "rumour-related" damage is based on the psychological state of consumers and trading partners whereby they wish to avoid the relevant product, etc. due to concern about the risk, there is a certain time limitation to this.

However, the accident has still not come to an end, and in this situation it is difficult to indicate the specific timing of termination. We will continue to consider this matter in the light of future circumstances.

#8 The method of calculating the reduction in income due to "rumour-related" damage is the same as provided for in Part 3 Section 5 (Business damages) of the Preliminary Guidelines.

#9 Concerning damage associated with incapacity, etc., this is the same as Part 3, Section 6, Notes #1 through #5 of the Preliminary Guidelines (excluding those parts related to difficulty in commuting to work, etc. specific to evacuation, etc.).

2. "Rumour-related" damage in agriculture, forestry and fisheries

- Guidelines

I) In agriculture, forestry and fisheries, among damage arising due to reluctance to purchase, etc. after the accident, as a general rule there is deemed to be a sufficient causal relationship to the accident, at the very least, where such damage is related to the products listed below, on the basis that this is damage corresponding to type 1 III) (1).

(1) All agricultural and forestry products (only where used for food, excluding livestock products) produced in areas in which shipping restriction orders, etc. (limited to orders issued until April 2011) have been issued by the government, etc. in relation to agricultural and forestry products (excluding livestock products)

(2) All produced livestock products (used for food) in areas in which shipping restriction orders, etc. (limited to orders issued until April 2011) have been issued by the Government, etc. in relation to livestock products

(3) All produced fisheries products (used for food) in areas in which shipping restriction orders, etc. (limited to orders issued until April 2011) have been issued by the Government, etc. in relation to fisheries products

II) Regarding the products described under I), if an operator engaged in agriculture, forestry or fisheries itself abandons shipment, operation or planting in advance, either wholly or partially, due to concern about possible damage resulting from reluctance to purchase, etc., as a general rule the damage arising therefrom is deemed to have a sufficient causal relationship to the accident, provided that the operator's decision is judged to be unavoidable.

- Notes

#1 The following characteristics are observed for agricultural, forestry and fisheries products that are food:

(i) Consumers tend to be particularly sensitive in avoiding these products, as they are taken into the body through consumption and there is a fear of internal exposure to radioactive material.

(ii) As these are animals or plants that are grown/raised on farms, fisheries, etc., concern about the risk of contamination of the land or water with radioactive material tends to lead directly to concern about these agricultural, forestry and fisheries products.

(iii) In some regions, radioactive material exceeding the provisional safety limit has been detected for certain commodity items, and therefore when shipping restriction orders, etc. have been issued by the Government, etc., concern can easily arise that a similar quantity of radioactive material may have adhered to other commodity items of the same type (agricultural/forestry products, livestock products, fisheries products).

(iv) As food, agricultural, forestry and fisheries products are essential to daily life, and since they do not normally have such a high value, it would normally be difficult to conceive reluctance to purchase or cessation of trading, etc., as caused by a downturn in consumer confidence resulting from the Great East Japan Earthquake itself. At the same time, they can be replaced relatively easily by produce from other production regions, meaning that reluctance to purchase, cessation of trading, etc. can occur relatively easily.

#2 As food, agricultural, forestry and fisheries products have the characteristics described above, and so in areas where shipping restriction orders, etc. have been issued by the Government, etc., for a certain period, it is reasonable, from the perspective of an average, ordinary person, for consumers or trading partners to avoid trading, etc. due to concern

about the adherence of radioactive material and exposure to this inside the body, etc., even after a shipping restriction order has been lifted, not just for the commodity item in question, but also for similar types of agricultural, forestry and fisheries produce grown/raised in the same area (agricultural/forestry products, livestock products, fisheries products).

#3 Moreover, as the actual status of "rumour-related" damage affecting agriculture, forestry and fisheries has not necessarily been identified as yet, for the time being they are categorised and presented as high-probability type I) products with a sufficient causal relationship to the accident. Regarding products other than I), we will continue to monitor market trends and give further consideration after due analysis, etc.

3. "Rumour-related" damage in the tourism industry

- Guideline

Among the damage arising after the accident due to cancellations, reluctance to book, etc. in relation to the tourism industry, there is a high probability that cancellations, reluctance to book, etc. by consumers, etc. resulted from the accident and subsequent discharge of radioactive material across a wide area, at the very least with regard to the tourism industry in which there are sales offices in the prefectures where the accident occurred, and thus where a reduction in income is recognised due to such cancellations, reluctance to book, etc. affecting the tourism industry after the accident, as a general rule this will be allowed as damage with a sufficient causal relationship to the accident, on the basis that it is type 1 III) (1).

However, with regard to this reduction in income in the tourism industry, there is considerable probability that this was due to a downturn in consumer confidence caused by the Great East Japan Earthquake itself, and therefore this also needs to be considered when approving damage and calculating the monetary amount of damages.

- Notes

#1 Within the so-called "tourism industry", it is possible to include the accommodation-related sector such as hotels, inns and the travel business, the sightseeing industry such as leisure facilities and passenger boats, the transportation industry such as buses and taxis, as well as restaurants and retail outlets at tourist sites. However, the degree of contribution to sales made by tourists in these sectors is varied, and these circumstances should be fully taken into consideration when calculating specific, individual monetary amounts of damage.

#2 However, in general, the following characteristics are observed for the tourism industry:

(i) The tourism industry is premised on tourists taking themselves to the region in question, and therefore concern about the risk of contamination of the land or water with radioactive material tends to lead directly to concern about tourism in these regions.

(ii) Unlike food products, etc. which are consumed on a daily basis, the various services in the tourism industry do not necessitate daily consumption, and therefore once "rumour-related" damage occurs, use of these various services can decline suddenly. Further, the tourism industry provides multiple services to consumers engaged in tourism targeting food products and tourism resources in the tourist region, and therefore once "rumour-related" damage occurs, not only does the use of individual services decline, but it also tends to impact on services as a whole, in other words the entire tourism industry in the region in question.

#3 Since the tourism industry has the characteristics described above, it is reasonable, from the perspective of an average, ordinary person, for consumers, etc. to avoid tourism due to concern about exposure to radioactive material, especially in all areas throughout the prefectures where the accident occurred, and therefore this could impact on the entire tourism industry in the concerned region.

Consequently, if a reduction in income due to cancellations, reluctance to book, etc. after the accident is recognised with regard to the tourism industry in which there are sales offices in the prefectures where the accident occurred, as a general rule the reduction in income and additional expenses (disposal expenses, etc.) will be allowed as damage with a sufficient causal relationship to the accident, provided there is no reasonable doubt that this reduction in income is not due to other factors.

Moreover, a reduction in income arising from cancellations, reluctance to book, etc. affecting the tourism industry due to the impact of the accident is not necessarily limited to the tourism industry in which there are sales offices in the prefectures where the accident occurred, but may also be recognised to have occurred in the tourism industry in which there are sales offices outside these prefectures, in connection with these prefectures, and in the tourism industry in the vicinity of these prefectures. However, as the actual status of "rumour-related" damage has not necessarily been identified as yet, for the time being the type presented is that of the tourism industry in which there are sales offices in the prefectures where the accident occurred. Concerning other types of tourism, we will continue to monitor market trends and give further consideration after due analysis, etc.

Nonetheless, the tourism industry is characteristic in that there is considerable probability that the cancellations, reluctance to book, etc. affecting the tourism industry resulted from a downturn in consumer confidence caused by the Great East Japan Earthquake itself.

Therefore, when cancellations, reluctance to book, etc. arise in relation to the tourism industry in which there are sales offices in the prefectures where the accident occurred, it is possible to assume that this is due to "rumour-related" damage with a sufficient causal relationship to the accident, as described above. However, since there is also a considerable probability that other factors have had an impact (such as damage to the transportation infrastructure due to the Great East Japan Earthquake itself and cancellations, reluctance to book, etc. due to a downturn in consumer confidence), comparison with other regions, etc. needs to be considered when approving damages and calculating the specific monetary amount of damages, etc.

Supplement to Secondary Guidelines on Determination of the Scope of Nuclear Damage resulting from the Accident at the Tokyo Electric Power Company Fukushima Daiichi and Daini Nuclear Power Plants

20 June 2011

Dispute Reconciliation Committee for Nuclear Damage Compensation

Part 1. Introduction

1. In the "Secondary Guidelines on Determination of the Scope of Nuclear Damage resulting from the Accident at the Tokyo Electric Power Company Fukushima Daiichi and Daini Nuclear Power Plants" published on 31 May 2011 in "2. Calculation method for damages comprising mental anguish damage arising from having, of necessity, lived as an Evacuee" (in Calculation method for damages, under Part 2), we set out our provisional approach to the specific calculation method for damages comprising the sum of "mental anguish damage arising from having, of necessity, lived as an Evacuee" and "increase in living expenses" ("damages"). In other words, when calculating the amount of damages, the degree of mental anguish is likely to differ between people, in consideration of factors such as the living environment, convenience and level of privacy, depending on the place of accommodation, etc., and therefore graduated differences in monetary amount could be established for people staying in (1) evacuation centre, gymnasium, civic hall, etc., (2) apartment, rental house, municipal house, temporary housing, own home, home of relative/acquaintance, etc., and (3) hotel, inn, etc., in this order. Regarding a person who, of necessity, (4) had to take shelter indoors, the amount of damages could be calculated so as not to exceed the amount calculated for (3). It was stated that we would continue to examine this issue.

2. In the light of the above, we clarify our approach to the calculation method for damages, etc. in this supplement to the guidelines ("Supplement to the Secondary Guidelines").

Specifically, we clarify our thinking on "applicable persons", "basic approach to calculation of damages and calculation period", "calculation method for damages", and "commencement and termination of damage occurrence".

Part 2. Calculation method for damages comprising mental anguish damage arising from having, of necessity, lived as an Evacuee

1. *Applicable persons*

- Guidelines

I) The applicable persons for compensation of damage are those who are substantially hindered from leading a normal life over a long period due to evacuation, etc., including (1) persons who, of necessity, evacuate or reside outside an Affected Area for a long period, forcing them to live for a long period away from their home, or (2) persons who, of necessity, take shelter and whose freedom of movement is restricted for a long period.

II) If a person corresponds to (1) or (2) above, then each individual Evacuee, etc. will be eligible for compensation, regardless of factors such as their age or the number of people in the household.

- Notes

#1 A person corresponding to (1) or (2) under Guideline I) is someone who, after actually evacuating outside an Affected Area (Evacuation Area, Restricted Area, In-house Evacuation Area, Deliberate Evacuation Area, Evacuation-Prepared Area in Case of Emergency), had (or has), of necessity, to reside for a long period outside the Affected Area, someone who was outside an Affected Area when the accident occurred and despite having their main home inside this area, had (or has), of necessity, to reside for a long period outside the Affected Area, or someone who, of necessity, had to take shelter for a long period in an In-house Evacuation Area until the In-house Evacuation Area designation was lifted.

However, I) (1) does not apply to a person who has their main home in an Evacuation-Prepared Area in Case of Emergency and began evacuation outside this area after the date on which the Guidelines were established (excluding children, pregnant women, persons requiring nursing care, hospitalised patients, etc.).

#2 The right to claim compensation for damage arises at an individual level, and compensation itself should also be paid to each individual rather than on a household basis.

Further, although it cannot be denied that there are differences between individuals in the degree of mental anguish actually experienced by each Evacuee, due to age, number of people in the household and other circumstances, in the Guidelines it is held to be appropriate to allow eligibility for compensation for mental anguish common to all people, and since there are also thought to be few differences between individuals in terms of the increase in living expenses, it has been decided that no monetary differential should be set due to factors such as age.

2. Basic approach to calculation of damages and calculation period

- Guidelines

When calculating the amount of damages, for the time being the calculation period is divided into the following three stages, and it is judged to be reasonable to calculate monetary amounts for each period.

I) Six-month period after occurrence of the accident (Stage 1)*.

II) Six-month period from the end of Stage 1 (Stage 2).

However, this will be revised as necessary in cases such as the review of Restricted Area, etc.

III) Stage from the end of Stage 2 to termination (Stage 3).

* Note by the NEA:
Stage 1: from 11 March 2011 to 11 September 2011.
Stage 2: from 11 September 2011 to 11 March 2012.
Stage 3: from 11 March 2012 to termination (i.e. prospect for an end to evacuation with a positive perspective to return home).

- Notes

#1 As stated in Part 1, in the Secondary Guidelines it was stated that we would continue to examine the method of calculating damages based on four categories according to the type of accommodation, etc.

#2 However, all Evacuees, etc. for a long period experience mental anguish in general, due to being substantially hindered from leading a normal daily life over a long period, and thinking about individual living conditions, such as staying in temporary housing or staying in an inn or hotel, it is hard to categorically state that there are clear differences in living conditions. Therefore, instead of categorising by type of accommodation, etc., it is appropriate to establish reasonable differences based primarily on the timing of evacuation, etc., by performing a uniform calculation and adding a certain monetary amount for a certain period after the accident, based on the duration of stay only in evacuation centres, etc., where it is recognised that the evacuation lifestyle is relatively harsh.

#3 The six-month period after the accident (Stage 1) until an infrastructure for long-term evacuation living was set up, such as the possibility for the majority of Evacuees to move into temporary housing, etc., was arguably the worst in terms of mental anguish. Regional communities, etc. were suddenly scattered over a wide area; and people were deprived of their formerly quiet daily lives and living infrastructure, and, of necessity led an inconvenient life of evacuation away from their homes while worrying about when they might be able to return.

#4 Mental anguish continues in the six-month period from the end of Stage 1 (Stage 2), as people still have, of necessity, to live an inconvenient life away from home and continue to worry about when they will be able to return. On the other hand, elements such as the confusion, etc. resulting from the sudden loss of daily life and living infrastructure essentially do not appear at this stage. In this period, an infrastructure for long-term evacuation has been established, including the possibility for the majority of people to move into temporary housing, etc., people gradually adapt to their new environment at the place of evacuation, and elements such as the inconvenience of evacuation are reduced compared with Stage 1. However, the duration of this period may be revised as necessary.

#5 In the period after the end of Stage 2, when it becomes possible to actually return home, etc. (Stage 3), at some point the prospect for an end to evacuation, etc. emerges, and a positive approach can be taken, such as preparing to return home and the establishment of a living infrastructure, etc. However, at this point it is difficult to indicate in specific terms when this will occur, and therefore it is considered appropriate to consider the calculation of damages for Stage 3 again in the future, based on various circumstances including the status of conclusion of the accident.

#6 For persons who had sheltered indoors in an In-house Evacuation Area until designation of the In-house Evacuation Area was lifted, the amount of damages is calculated so as not to exceed the amount of damages for a person who had been subject to evacuation or had to reside outside an Affected Area.

3. Calculation method for damages

- Guidelines

When calculating the amount of damages, the following method is conceivable, based on Stages 1 to 3 described in Section 2 above.

I) For Stage 1, a sum of JPY 100 000 per person is the guideline figure. However, for a person who, of necessity, lived as an Evacuee in an evacuation centre, etc. during this period, the guideline figure is JPY 120 000 per person for this period. Further, for a person who had sheltered indoors in an In-house Evacuation Area until designation of the In-

house Evacuation Area was lifted (excluding a person who evacuated from a Deliberate Evacuation Area, or a person who began evacuation from an Evacuation-Prepared Area in Case of Emergency not later than the date one day before the date on which the Guidelines were established), the guideline figure is JPY 100 000 per person.

II) For Stage 2, a sum of JPY 50 000 per person is the guideline figure.

III) For Stage 3, it is considered appropriate to consider the calculation of damages again in the future, based on various circumstances including the status of conclusion of the accident.

- Notes

#1 As stated in Section 2, Note #3, Stage 1 was a particularly difficult period in terms of mental anguish. Therefore, when calculating the damages for this period, considering that mental anguish unaccompanied by injury is being considered in this case, the payment for mental anguish provided by Compulsory Automobile Liability Insurance (a daily sum of JPY 4 200, or JPY 126 000 monthly) was taken as reference. Considering that as a result of the accident, people were deprived of their quiet daily lives and living infrastructure, and had, of necessity, to lead an inconvenient life of evacuation away from their homes while worrying about when they might be able to return, suffering significant pain and incurring an increase in living expenses, a guideline figure of JPY 100 000 per person is judged to be reasonable.

However, it is difficult to deny that long-term evacuation in an evacuation centre, etc., particularly at the beginning of evacuation, was relatively harsh in consideration of factors such as the living environment, convenience and level of privacy, as compared with other places of accommodation. Taking this into consideration as an element to be added to the amount of damages, a guideline figure of JPY 120 000 per person is conceivable, but only for the period of evacuation in an evacuation centre, etc.

#2 As stated in Section 2, Note #4, in Stage 2 the sudden confusion, etc. seen in Stage 1 has passed and an infrastructure for long-term evacuation is established, including the possibility for the majority of people to move into temporary housing, etc., if they so wish, and the harshness of evacuation life is also reduced as compared with Stage 1. Therefore, a guideline figure of JPY 50 000 per person per month is conceivable, with reference also to movement in the mental anguish payment over time as defined in the Calculation criteria for Damages in Civil Traffic Accident suits (*Nichibenren* (Japanese Federation of Bar Associations) Traffic Accident Consultation Centre).

#3 As stated in Section 2, Note #5, with regard to Stage 3, at some point the prospect for an end to evacuation, etc. emerges, and a positive approach can be taken, such as preparing to return home and the establishment of a living infrastructure, etc. However, at this point it is difficult to indicate in specific terms when this will occur, and therefore it is considered appropriate to consider the calculation of damages again in the future, based on various circumstances including the time when the accident is considered over.

#4 While it is deemed reasonable to calculate the damages on a monthly basis, this is only a guideline and does not preclude a flexible approach when making specific compensation.

#5 For persons who had to take shelter indoors in an In-house Evacuation Area until the designation of In-house Evacuation Area was lifted, the amount of damages is calculated so as not to exceed the amount of damages for a person who had been subject to evacuation or had to reside outside an Affected Area, and a guideline figure of JPY 100 000 is appropriate.

4. Commencement and termination of damage occurrence

- Guidelines

I) In principle, commencement of the occurrence of damage is 11 March 2011, the date on which the accident occurred, regardless of the date on which individual applicable persons did evacuated, etc.

II) With regard to the termination of damage occurrence, essentially it is reasonable to set this as the date on which the applicable persons are able to return to their homes in the Affected Areas, but as it is difficult to predict the exact timing of this at the moment, we will continue to consider the issue.

- Notes

#1 Regarding commencement of the occurrence of damage to the applicable persons, it is conceivable for this to be the date on which the individual applicable persons actually evacuated, etc.

However, although the actual dates of evacuation of the applicable persons vary according to the circumstances, it is conceivable that even in their life prior to evacuation, etc., they experienced mental anguish due to being substantially hindered from leading a normal daily life over a long period from the date on which the accident occurred, virtually equivalent to the mental anguish experienced after evacuation, etc. and therefore it is deemed reasonable to set 11 March 2011 as the date of commencement of the occurrence of damage, being the date on which the accident occurred.

However, with regard to an applicable person who has their main home in an Evacuation-Prepared Area in Case of Emergency (child, pregnant woman, person requiring nursing care, hospitalised patient, etc.) and evacuated after the date on which the Guidelines were established, the date on which the person actually evacuated is the commencement date.

#2 Further, regarding the termination of damage occurrence, essentially it is reasonable to set this as the date on which it became possible for the person to return to their home in the Affected Area. However, as it is difficult to predict the exact timing of the applicable persons' return home at the moment, it is viewed appropriate to consider the specific timing of termination again in the future, based on various circumstances including the time when the accident is considered over.

Interim Guidelines on Determination of the Scope of Nuclear Damage resulting from the Accident at the Tokyo Electric Power Company Fukushima Daiichi and Daini Nuclear Power Plants

5 August 2011

Dispute Reconciliation Committee for Nuclear Damage Compensation

Foreword

When radioactive debris was released over a broad area of northeastern Japan following the 11 March 2011 accident at the Tokyo Electric Power Company (TEPCO) Fukushima Daiichi and Daini nuclear power plants (referred to below as "the accident"), it became almost inevitable that the situation would become far more serious. As a result, the consequences have been felt far and wide, not just in Fukushima prefecture but also in surrounding prefectures, with well over 100 000 residents alone receiving instructions from the Japanese government to evacuate or to take shelter indoors, and many business operators being forced to abandon part, if not most or even all of their operations.

The damage incurred by these residents and business operators in the areas surrounding the plants are unprecedented in their scale and scope. Moreover even today, some five months after the accident, work is still underway to bring the ongoing discharge of radioactive material under control so that some degree of resolution can be achieved regarding the accident. While the government instructions to evacuate issued in the immediate wake of the accident were partially terminated, on 22 April residents in new areas were instructed to engage in deliberate evacuation, and then on 30 June certain specific spots were placed under evacuation recommendations due to the recording of high levels of radiation. Finally, since 8 July we have received new reports showing that we still have not reached a resolution regarding the radiation-related damage from this accident, notably on the detection of cesium 137 in beef and rice straw in several prefectures.

While the central government and local authorities have been providing a range of support measures, the situation is still acute for those impacted by the accident, such as the residents and business owners forced to evacuate, as well as producers and others in the Affected Areas whose businesses have been disrupted by measures like the restrictions placed on the shipment of goods. It is imperative that these individuals be provided with an appropriate level of relief in a fair and prompt manner.

To that end, the Dispute Reconciliation Committee for Nuclear Damage Compensation ("Committee") decided, pursuant to the Act on Compensation for Nuclear Damage ("Compensation Act"), which governs the issue of compensation for nuclear damage, to urgently draft the "Guidelines for Determining the Scope of Nuclear Damage and Other General Guidelines to Assist in the Voluntary Resolution of Disputes by the Parties" (Section 18-2 (ii) of the Compensation Act). In light of the circumstances above the Committee decided to draft the various guidelines starting with guidelines on those categories of damage mostly likely to fall under nuclear damage, so as to provide victims with relief as early as possible.

These guidelines ("Interim Guidelines") will give an overall picture of the nuclear damage currently caused by the accident. It is the Committee's hope that the approach to the scope of the damage we have expressed in these Interim Guidelines will contribute to facilitating talks and shaping an agreement between the victims and TEPCO. It must also be remembered that it is not the Committee's view that specific forms of damage not explicitly mentioned in these Interim Guidelines will not be compensated. The Committee expects TEPCO to establish, as a matter of urgency, a process that will allow the majority of victims to receive appropriate compensation in a fair and prompt manner, certainly for damage that is explicitly described in these Interim Guidelines, but also for nuclear damage that is not.

Part 1. About these Interim Guidelines

1. The Committee has already adopted and released the following documents: (1) on 28 April 2011, the Preliminary Guidelines on Determination of the Scope of Nuclear Damage resulting from the Accident at the TEPCO Fukushima Daiichi and Daini Nuclear Power Plants ("Preliminary Guidelines"); (2) on 31 May 2011, the Secondary Guidelines on Determination of the Scope of Nuclear Damage resulting from the Accident at the TEPCO Fukushima Daiichi and Daini Nuclear Power Plants ("Secondary Guidelines"); and (3) on 20 June 2011, the Supplement to Secondary Guidelines on Determination of the Scope of Nuclear Damage resulting from the Accident at the Fukushima Daiichi and Daini Nuclear Power Plants ("Supplement"). The Committee was to examine matters such as items of damage not covered by documents and their scope at a future date.

2. These Interim Guidelines now add matters the Committee examined after deciding and announcing the matters already set out in the Preliminary Guidelines and Secondary Guidelines (including the Supplement; the same applies below). To a certain extent these Interim Guidelines also set out types of damage recognised as warranting compensation.

Specifically, it was decided to describe in these Interim Guidelines, in as much detail as possible, the following types of damage: (1) damage relating to government evacuation instructions; (2) damage relating to the declaration by the Government of marine exclusion zones and no-fly zones; (3) damage relating to instructions issued by the Government or a government agency restricting the shipment of agricultural, forestry or fishery products; (4) damage relating to any other government instructions; (5) "rumour-related" damage; (6) "indirect damage"; and (7) damage from radiation exposure, as well as (8) measures for adjustments between government benefits paid to a victim and compensation that the victim receives, and (9) the property and other damage sustained by local government and so on.

3. The types of damage judged in the Preliminary and Secondary Guidelines previously decided and released as qualifying for compensation have been incorporated in these Interim Guidelines, along with matters such as their scope, to the extent necessary. This means these Interim Guidelines supersede the Preliminary and Secondary Guidelines with respect to matters such as the scope of future damage.

4. Given that the accident has not been resolved, the situation points to an increase in the inventory of damage ultimately sustained. Although these Interim Guidelines describe those types of damage, along with matters such as the scope of those items, that are capable of a certain degree of classification as damage warranting compensation, types of damage not included in these Interim Guidelines are not automatically disqualified from compensation. It is still possible for damage to be recognised as being in a sufficiently causal relationship, depending on the particular circumstances surrounding that damage. Lastly, as the situation on the ground continues to evolve, for example when the accident is finally resolved and current evacuation areas are re-assessed, the Committee will re-examine the matters to be addressed in further guidelines as is necessary.

Part 2. Concepts common to the types of damage

1. The Compensation Act states that a nuclear operator's liability extends to "nuclear damage" due to the operator's reactor operation etc. (Section 3). As for the scope of that damage, however, there is no reason to take the view that this will be especially different from the scope of damage in any standard claim in tort for damages. When drafting these Guidelines therefore, the Committee also took the view that so long as there was a legally sufficient cause between a type of damage and the accident – namely that it was damage within a scope that is judged as logically and reasonably arising from the accident based upon the social convention – then it was included in nuclear damage.

Specifically, while not all damage that occurred in fact as a result of the accident will qualify for compensation as "nuclear damage", the following types of damage will qualify for compensation to a certain extent: damage that was a consequence of a government instruction, etc. issued on reasonable grounds to protect the life or health of citizens from the accident; damage arising through reasonable avoidance behaviour in markets; and indirect damage necessarily arising in third parties as a result of these other two types of damage having arisen.

The purpose of the scheme of compensation for nuclear damage in the Compensation Act is to provide relief for the victims of damage arising as a result of the accident by compensating the victims for that damage, just as is the case with an ordinary claim in tort. For their part, however, the victims are also expected to take steps to avoid or mitigate the damage they sustain through the accident as much as possible. This means it must also be noted that if a victim neglected without reasonable cause to take such steps, which it was in fact possible for the victim to take, it is conceivable that compensation will be limited.

2. With respect to those types of damage that might arise on an ongoing basis, such as evacuation expenses, business damage, or damage due to incapacity to work, the criteria for determining an end date for these types of damage will present difficulties. On this point the Committee decided to indicate those types of damage on which the Committee can express a view at the current time. The Committee will examine those types of damage for which this is not the case at a future time as necessary, in keeping with how events progress.

3. When drafting these Interim Guidelines, our Committee referred to the following reports prepared by the Nuclear Damage Investigation Study Group in connection with the JCO Co., Ltd. Tokai Plant Nuclear Accident of 30 September 1999: the "Nuclear Damage Research Group's Interim Confirmation – Views on business damage", dated 15 December 1999, and the "Investigation Study Report on Nuclear Damage caused by the Critically Accident of Fuel Facility at the JCO Co., Ltd. Tokai Plant", dated 29 March 2000.

But this accident far and away exceeds the Tokaimura nuclear accident in terms of its nature and gravity and in other respects such as the scale, extent, and duration of damage caused to surrounding areas. Given this, as well as the diversity of both the victims and the types of damage sustained, the Committee gave ample consideration to the special circumstances of this accident.

4. The cause of the accident was an underwater earthquake in the Pacific Ocean off the coast of the Tohoku region and the chain of disasters that resulted from the tsunami generated by that earthquake (collectively known as the "Great East Japan Earthquake"). But as stated in paragraph 1 above, under the Compensation Act the liability of a nuclear operator extends purely and simply to "nuclear damage" due to the reactor operation etc. during such operation (Section 3). This means that damage caused by the earthquake or tsunami does not qualify for compensation under the Compensation Act.

However, for some types of damage covered by these Interim Guidelines, for example "rumour-related" damage, it will not be possible to make a clear distinction, in some cases, between damage caused by the accident and damage caused by the earthquake

and/or tsunami. In such cases, since it would be unfair to compel victims to provide evidence of the exact difference, one option would be to presume, to a reasonable extent, whether or not specific damage constitutes "nuclear damage" as well as the amount of that damage, for example through comparisons with damage in areas which were also damaged in the Great East Japan Earthquake but where the accident had comparatively less impact. And TEPCO will be asked to respond in a practical and commonsense manner in these cases.

5. On the issue of calculating an amount of damages, as a general rule compensation is to be paid, within reason, for the actual cost of damage based on whether or not damage exists in the individual case, and on evidence of the amount of damage. But in view of the fact that just the number of residents alone who became victims of the accident as a result of government evacuation instructions reaches well over 100 000 and that those victims are currently in need of prompt relief, for some types of damage, we could also consider methods like authorising a predetermined amount of compensation that has been calculated on a reasonable basis. However if such a method is in fact adopted, if a victim also provides evidence of an actual amount of damage which exceeds the set figure, it is conceivable that the figure would be increased to the extent necessary and reasonable.

In cases where, for example, evacuation makes it difficult for a victim to gather evidence, it is possible that the level of substantiation required could be eased when providing compensation, to the extent that is necessary and reasonable. And for the purpose of the prompt processing of large volumes of claims, it is also possible that a practical calculation method would be employed, based for example on objective statistical data.

6. With respect to the method of payment of compensation, given that victims are currently in need of prompt relief, TEPCO will be required to respond in a practical and flexible manner. Examples would be where a set figure of compensation or a portion of a claimed amount is paid at certain regular intervals for recurring damage, even prior to a final determination of the full amount of compensation for the damage.

Part 3. Damage relating to government instructions to evacuate

Affected Areas

The following areas were included within the instructions (see Note #2 in the section on Evacuees below) issued by the Japanese government to evacuate (see Note #1 in the section on Evacuees below) (these areas include the "sites" covered by Section 5 below; the same applies below).

1. Evacuation Area

These are the areas for which the Japanese government issued an instruction under the Act on Special Measures concerning Nuclear Emergency Preparedness ("Nuclear Preparedness Act") to heads of local government entities for the evacuation of residents:

i) the area within a 20-km radius from TEPCO Fukushima Daiichi nuclear power plant (this area was designated Restricted Area on 22 April 2011, meaning that as a general rule the public was prohibited from entering this area); and

ii) the area within a 10-km radius from TEPCO Fukushima Daini nuclear power plant (on 21 April 2011 this was reduced to an area within an 8-km radius).

2. In-house Evacuation Area

This is the area for which the Japanese government issued an instruction under the Nuclear Preparedness Act to heads of local government entities for residents to take shelter:

iii) the area between a 20-km radius and a 30-km radius from TEPCO Fukushima Daiichi nuclear power plant.

Note: On 25 March 2011, the Chief Cabinet Secretary announced that the Government would promote voluntary evacuations from communities within this In-house Evacuation Area that had found it difficult to keep functioning normally as a consequence of the instruction. However the designation as In-house Evacuation Area was terminated on 22 April 2011 due to the designation of the areas as the Deliberate Evacuation Area described in Section 3 below and the Evacuation-Prepared Area in Case of Emergency described in Section 4.

3. Deliberate Evacuation Area

The areas for which the Japanese government issued an instruction under the Nuclear Preparedness Act to the heads of local government entities for a planned evacuation:

iv) Areas in the perimeter region beyond the 20-km radius from the TEPCO Fukushima Daiichi plant where there is a risk that cumulative radiation levels will reach 20 millisieverts within one year from the date of the accident, and from where the residents were required to make a planned evacuation within about one month.

4. Evacuation-Prepared Area in Case of Emergency

Areas for which the Japanese government issued an instruction under the Nuclear Preparedness Act to the heads of local government entities for residents to be ready to make an emergency evacuation or to take shelter:

v) Those areas between a 20-km radius and a 30-km radius from the TEPCO Fukushima Daiichi nuclear power plant, excluding any "Deliberate Evacuation Area" where residents were required to be ready to be removed at any time in order to evacuate the area or take shelter for the purpose of evacuating in an emergency; and where on-going voluntary evacuation was required; and which children, pregnant women, persons requiring nursing care, hospitalised patients, etc. were especially required not to enter.

Note: The outer borders of these Evacuation Areas, In-house Evacuation Areas, Deliberate Evacuation Area, and Evacuation-Prepared Area in Case of Emergency do not necessarily sit exactly at the end of the radius line from the TEPCO Fukushima Daiichi or Daini nuclear power plants – each outer border has been determined based on the circumstances of each relevant local government entity which the border cuts through, including the special features of administrative areas and rural sub-districts.

5. Evacuation Recommendation Spots

These are specific individual residences designated by the Japanese government as sites where the Government has placed residents on a state of alert and supported and promoted their voluntary evacuation:

vi) Sites designated by the Government for individual residences in areas outside a Deliberate Evacuation Area or exclusion zone, with an ongoing air dose rate that will presumably be a cumulative radiation level in excess of 20 millisieverts for one year from the date of the accident, which is not expected to spread across that locality, for which the Government has announced it will put residents on a state of alert and support and promote their voluntary evacuation.

6. Area where a local government entity asked residents to evacuate temporarily

The area where Minami Soma City, exercising its own judgement, asked residents to evacuate temporarily (excluding the areas in Sections 1 to 4 above), as follows:

vii) Minami Soma City asked residents across that city to evacuate temporarily, excluding any residents in the areas in Sections 1 to 4 above.

Note: On 16 March 2011, Minami Soma City asked its residents to evacuate temporarily on grounds including ensuring their safety, and the City provided support with that temporary evacuation. On 22 April 2011, when the In-house Evacuation Area designation was terminated, Minami Soma City indicated its view to residents who had evacuated from the area in Section 6 above that those residents who could carry on their lives in their own homes were permitted to return to their homes.

Evacuees

The scope of Evacuees, meaning individuals who evacuated, etc. of necessity in accordance with evacuation instructions, is as follows:

1. Individuals who, after the accident were, of necessity, removed from an Affected Area in order to evacuate or take shelter outside that area (to "evacuate"), and who continue to reside temporarily outside that area (to "reside temporarily outside an Affected Area") (excluding, however, individuals other than children, pregnant women, persons requiring nursing care, hospital patients and others who on or after 20 June 2011 started to evacuate from Evacuation-Prepared Area in Case of Emergency (excluding Evacuation Recommendation Spots) to outside that area);

2. Individuals who were outside an Affected Area at the time of the accident and who, despite having their principal residence in the Affected Area (their "residence"), of necessity continue to reside temporarily outside the Affected Area; and

3. Individuals who, of necessity, take shelter in an In-house Evacuation Area (to "take shelter").

- Notes

#1 To "evacuate," to "reside temporarily outside an Affected Area," and to "take shelter" as defined above will be referred to collectively as to "evacuate, etc."

Evacuees also include individuals such as those who after having evacuated at some stage return to their residence where they take shelter (for the purpose of calculating the amount of damages to such individuals, however, these differences may be taken into consideration).

#2 An "evacuation instruction" is a collective term meaning an instruction or request, or support or promotion, from the Japanese government, or immediately after the accident from a local government entity based on its reasonable judgement, in an Affected Area, for residents to evacuate, etc. Although different evacuation instructions were issued to residents in the Affected Areas above depending on the area, where a resident in an area covered by a Japanese government instruction to evacuate etc., or where a resident in an area where the government promoted, etc. voluntary evacuation (excluding individuals other than children, pregnant women, persons requiring nursing care, hospital patients and others who started on or after 20 June 2011 to evacuate from Evacuation-Prepared Areas in Case of Emergency (excluding an Evacuation Recommendation Spot) to outside that area), acted on a decision to evacuate outside an Affected Area, or being outside that area acted on a decision to refrain from returning to his or her residence in that area, since those residents were justified in acting on those decisions, they fall under an event of evacuating or residing temporarily outside an Affected Area "of necessity" by force of an evacuation instruction. On the issue also of a local government entity asking residents to evacuate temporarily based on a decision by that entity, in light of the specific circumstances surrounding that request at the time, namely that it was made immediately after the accident occurred and that it was a request to evacuate temporarily from a local government area, most of which was gradually designated as an Evacuation Area or In-house Evacuation Area, since we find that the decision to make

that request was not unreasonable, temporary evacuations made on the basis of that request will also be treated the same as evacuating "of necessity" by force of an evacuation instruction. Lastly, with respect to those individuals who evacuated etc. prior to an evacuation instruction, since in light of the subsequent issuing of the evacuation instruction we find that those individuals were justified both objectively and after the fact in taking such action, any consideration of this matter should proceed on the basis of including those individuals in the category of "individuals who, of necessity," evacuated etc. by force of an evacuation instruction.

#3 The section on types of damage below basically sets out the scope and other details of the damage suffered by Evacuees. However, some types of damage (such as damage due to examination expenses, business damage, or incapacity, etc. to work), damage incurred by those individuals with a residence in an Affected Area who did not evacuate after the accident (an "Affected Area temporary resident") is also included.

Types of damage

1. Examination expenses (human)

- Guideline

Where, at any time after the accident, an Evacuee who evacuated or took shelter, or an Affected Area temporary resident, arranged as necessary and appropriate for examination to ascertain exposure to radioactive material, etc., the examination expenses incurred by that resident (including incidental costs, such as transport expenses incurred to receive testing; the same applies in Note #3 below) will be recognised as damage warranting compensation.

- Notes

#1 Radiation is hazardous, and depending on the amount of radiation received can have major negative consequences on the human body. Moreover, radiation is not something that a human being can detect themselves with any of their five senses. For that reason, as a general rule it can be said to be reasonable for at least those Evacuees who as a result of the accident evacuated from an Affected Area to outside that area or took shelter in such a area, or Affected Area temporary residents, to be concerned that they have been exposed to radiation and to arrange to be tested to entirely dispel that concern.

#2 If an individual who evacuated or took shelter or an Affected Area temporary resident is tested free of charge, since that individual or resident will have incurred no actual examination expenses, this will not be damage warranting compensation.

#3 If examination expenses arose as a result of the accident prior to an evacuation instruction from the Japanese government, it can be presumed that the testing was arranged based on reasonable judgements due to the accident, and in the absence of reasonable grounds for disqualifying these examination expenses for compensation, these expenses can be recognised as damage warranting compensation, to the extent necessary and reasonable.

2. Evacuation expenses

- Guidelines

I) The following expenses incurred by Evacuees can be recognised as damage warranting compensation, to the extent necessary and reasonable.

(1) transport expenses and removal expenses for household belongings incurred in order to evacuate from an Affected Area;

(2) accommodation expenses incurred as a result of residing temporarily, of necessity, outside an Affected Area and expenses incurred incidentally to that accommodation (collectively, "accommodation expenses"); and

(3) if an Evacuee's living expenses increase as a result of evacuation etc., the portion representing the increase.

II) The method for calculating an amount of evacuation expenses shall be as follows:

(1) Evacuation expenses that are transport expenses, removal expenses for household belongings, and accommodation expenses that were actually incurred by Evacuees will qualify for compensation. Taking those actual expenses to be the amount of damage should be a valid calculation method.

However, where substantiating an amount of damage through receipts or other means is difficult, substantiating the relevant amount of damage by estimating the average expense for that damage should also be recognised as a valid method.

(2) As a general rule, for evacuation expenses comprising an increase in living expenses, we find that adding this to the amount defined under Section 6 (Damage for Mental anguish), Guideline I) (1) or (2) below and using that increased amount as the amount of damage for both will be a fair and valid calculation method. For a specific example of this calculation method, see Section 6 below.

III) Evacuation expenses that arise after the elapse of a reasonable period from the moment of lifting, etc. an evacuation instruction (including not only lifting instructions or requests but also, for example, indications of the view that it is permissible to return home; the same applies below) will not qualify for compensation except in exceptional circumstances.

- Notes

#1 With respect to expenses described in Guideline I), it is appropriate to treat as necessary and appropriate expenses that fall under (1) and (2) – that is, evacuation expenses incurred by Evacuees (specifically, transport expenses, furniture and household goods removal expenses, and accommodation expenses), as qualifying as damage warranting compensation.

In addition, with respect to expenses that fall under (3) – that is, an increase in living expenses – such expenses may qualify as damage warranting compensation where, for example, an individual who happened to take shelter needed to travel longer distances to buy food, or where the food expenses of Evacuees increased because they were no longer able or it became extremely difficult for them to make use of their own agricultural produce ("incapacity").

#2 With respect to the expenses in Guideline II) (1), according to our limited research on issues including the particular evacuation circumstances and expenditures of individual Evacuees, with respect to transport expenses, which are the first thing people would spend money on, many people incurred no actual transport expenses, people ended up in final evacuation destinations all over the country, and a diverse range of services was used to transport them. It can therefore be assumed that there will be a considerable difference between the amounts that individual residents incurred, even among those residents who did incur their own transport expenses. With respect to accommodation expenses also, in many cases these were incurred by local government entities and similar bodies, and since it was also found that the number of people who are continuing to incur their own accommodation expenses remains comparatively small, we estimate that there will also be considerable variation between the amounts incurred by residents themselves, depending on where they obtained accommodation. We also estimate with respect to furniture and household goods removal expenses that there will be considerable variation between the amounts incurred by individual residents themselves. For all these types of damage

therefore, a method of taking a certain fixed figure as the "average damage amount" and using this as compensation for each Evacuee alike would not necessarily reflect the victims' actual circumstances, and furthermore would also not be considered fair.

In addition, if compensation is to be paid for the actual cost of damage incurred, in line with the general rule, then providing evidence of those costs will become an issue. However, if it is not possible to substantiate such amounts by way of receipts, for example, substantiation methods that involve estimating an amount of damage using, for example, objective statistical data should be recognised. As examples of such methods, for transport expenses where individuals evacuated in their own vehicle, the cost of gasoline, etc. could be calculated based on the distance travelled to reach their evacuation destination, and with accommodation expenses, the average accommodation expenses in the vicinity where the particular residents had taken accommodation could be calculated and used to estimate the amount of compensation. If this approach is taken, we do not think victims would be particularly disadvantaged compared with if they were compensated for their actual expenses in line with the general rule.

This means that, for evacuation expenses that are transport expenses, furniture and household goods removal expenses, and accommodation expenses, it is fair and reasonable that individuals who actually incurred costs for these types of damage receive compensation for the cost of these items, to the extent necessary and reasonable, in line with the general rule.

#3 With respect to the expenses in Guideline II) (2), since it is thought that an increase in living expenses arising as a result of evacuation etc. will have arisen for the majority of Evacuees, while on the one hand these expenses will generally not be particularly significant and the differences in these expenses between individuals will also be slight, in practice it will be difficult to calculate the actual cost of these expenses with precision, and it would be unfair to compel Evacuees to substantiate their actual costs.

In addition, given that an increase in living expenses is closely tied to an individual's evacuation etc. living conditions, we decided that it would be fair and reasonable to add these costs to the amount in Section 6 (Damage for mental anguish), Guideline I) (1) or (2) below to produce a fixed amount, bundling both together.

However, we envisage that this method of treating these expenses in this way – that is, as an extra element to be added to either of those amounts for damage for mental anguish – would at most cover an ordinary range of expenses. Accordingly, if there are some Evacuees who have incurred particularly significant increases in their living expenses, and if there were special circumstances which meant that those individuals had no choice but to incur such a high level of expenses, then the actual costs should be recognised, in addition, as damage warranting compensation, to the extent necessary and reasonable.

#4 With respect to the expenses under Guideline III), for areas that were no longer subject to an evacuation instruction after the 22 April 2011 lifting of the In-house Evacuation Area designation, and for areas in the Affected Areas described in Section 6 above (an area in the Affected Areas described in Section 6 above may be deemed to be an area where on that date, residents were permitted to return to their residence in that area), those expenses will not qualify for compensation after the elapse of a reasonable period since that date. The end of July 2011 is to be taken as the benchmark for this reasonable period, based on factors such as the state of restoration of public facilities within these areas, and taking into consideration a period of preparation that residents would normally be regarded as requiring in order to return to their residence following the date of lifting etc. However where elementary and secondary school children, etc. who were attending schools, etc. located in these areas, evacuated of necessity, the end of August 2011 is to be the benchmark.

#5 With respect to the expenses under Guideline III), "special circumstances" will be present, for example, where an individual cannot return home because their health

suffered during evacuation and they will require ongoing medical treatment at an evacuation destination, etc. other than their own home.

3. Temporary access expenses

- Guideline

Transport expenses, furniture and household goods removal expenses, decontamination expenses etc. incurred by Evacuees who have a residence in Restricted Area in order to participate in a "temporary access" organised by their municipality with the support of the Japanese and prefectural government (including accommodation expenses where it is essential for a resident to take overnight accommodation the night before or the night after; the same applies below) can be recognised as damage warranting compensation, to the extent necessary and reasonable.

- Notes

#1 Evacuees who have a residence in an exclusion area (excluding residents etc. who have a residence within a 3 km radius from the TEPCO Fukushima Daiichi nuclear power plant), which as a general rule the public is prohibited from entering, have been able to return to their residence briefly by participating in "temporary access" organised since 10 May 2011 by their municipality with the support of the Japanese and prefectural governments, for the purpose of retrieving etc. items necessary for their immediate day-to-day lives. The procedure for such "temporary access" is that those taking part gather at a designated assembly point that also serves as the departure point (and staging area) for the relevant "temporary access", from where they are transported to their residential areas in buses assigned to particular areas.

#2 However, some participants will undoubtedly incur transport expenses, etc. in getting to an assembly point from where they reside temporarily outside an Affected Area (and back again after the visit), and some will also incur transport expenses from an assembly point to their residential area, along with expenses for the decontamination of their person and property, removal expenses for their furniture and household goods (including their cars, etc.), and other similar expenses.

The general prohibition of entering into Restricted Areas, including residences in such areas, was put in place as a result of the accident, from the perspective of ensuring the safety of residents. As a consequence of this prohibition, this "temporary access" was organised for residents to retrieve articles from their residence that they need for their immediate day-to-day lives. It follows that the necessary expenses of residents who took part in such temporary access ("temporary access visitors") can be regarded as damage in a sufficient causal relationship with the accident.

It follows that transport expenses, furniture and household goods removal expenses, and decontamination expenses, etc. incurred by temporary access visitors as described above can be recognised as qualifying as damage warranting compensation, to the extent necessary and reasonable.

#3 The same considerations discussed in Note #2 of Section 2 above will apply with respect to methods for calculating transport expenses, etc. incurred for the purpose of temporary access.

4. Homecoming expenses

- Guideline

Transport expenses, furniture and household goods removal expenses etc. incurred by Evacuees in order to finally return to their residence inside an Affected Area due to the

lifting, etc. of an evacuation instruction for that Affected Area (including accommodation expenses where it is essential for a resident to take overnight accommodation the night before or the night after; the same applies below) can be recognised as damage warranting compensation, to the extent necessary and reasonable.

- Notes

#1 Where an evacuation instruction is terminated etc., after a "reasonable period" (being the period required for preparation) has passed, residents will be able to return to their residences in the Affected Area.

As with the evacuation expenses described in Section 2 above, transport expenses, furniture and household goods removal expenses, etc. incurred in this way in order to finally return to a residence can be recognised as damage warranting compensation, to the extent necessary and reasonable.

#2 The same considerations discussed in Note #2 under Section 2 above will apply with respect to methods of calculating transport expenses, etc. incurred for this purpose.

5. *Injury or death*

- Guidelines

The following damage suffered by Evacuees can be recognised as damage warranting compensation:

I) Lost earnings, medical treatment expenses, pharmaceutical costs, mental anguish etc. arising as a result of suffering an injury, experiencing a deterioration in health to an extent that requires medical treatment (including a psychological ailment; the same applies below), contracting a disease, or dying, because of evacuating etc. of necessity due to the accident.

II) For an individual who evacuated etc. of necessity due to the accident, increased medical diagnosis expenses, medical treatment expenses, pharmaceutical costs etc. incurred in order to prevent, for example, a deterioration in health to an extent that requires medical treatment due to that evacuation etc.

- Notes

#1 Where an Evacuee has suffered "injury or death" for having evacuated etc. of necessity due to the accident, in addition to lost earnings caused by the Evacuation etc., the expenditures on medical treatment expenses and pharmaceutical costs sustained, and the Evacuee's damage for mental anguish, etc., can be recognised as damage warranting compensation. The value of this "damage for mental anguish due to injury or death" should, unlike the case in Section 6 below, be calculated in addition, in proportion to among other factors the degree of injury or loss of life.

#2 Even if an individual's health did not actually deteriorate as a result of evacuating, etc., the elderly or those with a chronic ailment or disease would be justified in receiving medical treatment that involves an increase in their existing expenses to the extent necessary in order to prevent a deterioration in their health as a result of evacuating, etc. This means that the resulting increase in expenses can be recognised as damage warranting compensation.

6. *Damage for mental anguish*

- Guidelines

I) At least the following forms of psychological anguish (limited to psychological anguish which does not result in "injury or death"; the same applies below in this paragraph) that

Evacuees experience from the accident can be recognised as damage warranting compensation.

(1) Psychological anguish caused to individuals who, of necessity, continuously (resided or) reside temporarily outside an Affected Area for an extended period of time after actually evacuating from that Affected Area, or to individuals who at the time of the accident were outside an Affected Area and who continuously (resided or) reside temporarily outside an Affected Area for an extended period of time despite having a residence in that area, owing to extreme disruption over an extended period of time to the maintenance of a normal day-to-day life due to having, of necessity, conducted their lives in a location other than their own home for an extended period of time.

(2) Psychological anguish caused to individuals who, until the lifting of a area's take shelter designation, of necessity took shelter in that area for an extended period of time, owing to extreme disruption for an extended period of time to the maintenance of a normal day-to-day life including due to having, of necessity, limited freedom of movement.

II) With respect to the amount of damage for "mental anguish" relating to Guideline I) (1) and (2), we consider a valid calculation method to be to calculate a fixed sum combining this amount with the increase in living expenses in "evacuation expenses" under 2 above in order to comprise the amount of damage for both items.

Each individual Evacuee who falls under either (1) or (2) in Guideline I) will qualify for compensation, regardless of factors such as their age or the number of people in their household.

III) For the purpose of calculating a specific amount of damages for (1) in Guideline I), for the time being the calculation period is to be divided into the following three stages and governed as follows:

(1) Six months from the date of the accident (Stage 1)[1]

For Stage 1, the benchmark is JPY 100 000 per person per month. However, for individuals who of necessity lived in Evacuation etc. during this period in, for example, an evacuation centre, gymnasium, or community centre etc. (collectively, "evacuation centre"), the benchmark is JPY 120 000 per person per month for the period they lived in evacuation in the evacuation centre.

(2) Six months from the end of Stage 1 (Stage 2)

However, where for example a Restricted Area, etc. is reassessed, this stage will be reviewed as necessary. For Stage 2, the benchmark is JPY 50 000 per person per month.

(3) From the end of Stage 2 until the end date (Stage 3)

For Stage 3, we consider it appropriate to re-examine the method of calculation for the amount of damages based on the course of future events, such as the resolution of the accident.

IV) The following will apply with respect to the starting date and end date for the occurrence of damage under Guideline I) (1):

(1) As a general rule the starting date will be 11 March 2011, the date of the accident, regardless of the particular date when an Evacuee evacuated etc. However, for children, pregnant women, persons requiring nursing care, hospital patients and others who have a residence in an Evacuation-Prepared Area in case of Emergency and who evacuated on or after 20 June 2011, and for individuals who

1. Note by the NEA: for the precise periods, see note p. 118.

evacuated from Evacuation Recommendation Spots, the date when such individuals actually evacuated will be the starting date.

(2) With respect to the end date, mental anguish that arises after the elapse of a reasonable period following the lifting etc. of an evacuation instruction, will not qualify for compensation, except in exceptional circumstances.

V) With respect to the amount of damage under Guideline I) (2), for an individual who took shelter in an In-house Evacuation Area until the lifting of that take shelter designation (excluding an individual who began their evacuation on or before 19 June 2011 from Evacuation-Prepared Area in Case of Emergency, and an individual who evacuated from Deliberate Evacuation Area), the benchmark is JPY 100 000 per person.

- Notes

#1 With respect to Guideline I), as mentioned above, provided it is damage with a sufficient causal relationship to the accident, it will fall under "nuclear damage". So even with respect to (a *solatium* for) damage for mental anguish which does not result in "injury or death," so long as a sufficient causal relationship etc. can be recognised, we can say this is damage that should be compensated.

However, the fact too that extreme disparities will be seen in psychological anguish which does not result in injury or death, in terms of whether it is suffered or not, in what form and to what degree, depending on a range of factors such as age, gender, occupation, nature, day-to-day living environment, and family structure means there will naturally be limits on making objective findings as to whether damage has been sustained, and its extent.

However, in the accident, radioactive particles were in fact released over a wide area in the vicinity, and evacuation instructions were issued in response. For that reason, it is clear that residents in Affected Areas had their daily peaceful lives disrupted in reality, for example by having to evacuate from their residences or to take shelter, of necessity. It can also be recognised that the duration of their evacuation etc. was generally speaking lengthy, and that the lives of a large number of people have been placed under extreme conditions.

It is therefore possible to conceive that there will be damage warranting compensation from the accident for at least Evacuees, in proportion to their circumstances, having experienced psychological anguish for an extended period of time due to evacuation etc., in respect of at least, for example, the following: (i) of necessity having to evacuate and subsequently reside temporarily outside an Affected Area for an extended period of time; (ii) at the time of the accident being outside an Affected Area and as a consequence, despite having a residence in that Area, of necessity continuously having to reside temporarily outside the Affected Area for an extended period of time, and of necessity conducting their life in a location other than their own home for an extended period of time; (iii) or as a consequence of having to take shelter of necessity, having limited freedom of movement, etc. for an extended period of time, of necessity.

It follows that this damage for mental anguish can be recognised as damage warranting compensation, to the extent that is reasonable.

#2 With respect to Guideline II), for the purpose of calculating an amount of damages under Guideline I) (1) and (2), as mentioned under Guideline II) (2) in Section 2 above, we made the decision that as a general rule it would be fair and reasonable to calculate a fixed sum by adding "an increase in living expenses" to evacuation expenses, and bundling the two together.

In addition, since the right to claim damages is a right belonging to an individual, compensation for damage is to be paid not to households, but to individuals. Furthermore, while factors such as a person's age or the size of their household will unquestionably result in individual differences between the degree of psychological anguish that each Evacuee in fact experiences, given our view that it is appropriate for the psychological anguish suffered by all individuals to qualify for compensation, and from our belief that any individual differences in increases in living expenses will also be slight, in these

Interim Guidelines we decided not to set different amounts of compensation based on factors like the age of individuals.

#3 For the individuals who had to evacuate etc. of necessity for an extended period of time, everyone suffered the shared anguish of having their normal day-to-day lives extremely disrupted for an extended period of time. Furthermore, it is also unlikely that, with respect to people's individual living conditions, sweeping statements can be made about clear differences in living conditions between people taking accommodation in temporary housing and the like, and those taking accommodation in a hotel, Japanese inn or similar. This means that instead of making any classification based principally on factors such as the accommodation facility, it would be appropriate to establish reasonable differences based principally on the timing of the evacuation, etc., perform the same calculation for everyone, and then add a fixed amount for a certain period after the accident just for people in evacuation centres etc., where living in evacuation is recognised as being comparatively harsh, in proportion to the period of temporary residence.

#4 With respect to Guideline III) (1), in the six months following the accident (that is, Stage 1), a framework was being put in place to allow living in evacuation for an extended period of time, such that for example it was becoming possible for most Evacuees to take up residence in temporary housing and the like. These six months can be described as the period of greatest psychological anguish, when local communities were suddenly scattered over a wide area, people's peaceful day-to-day lives up to that point and the foundations of their lives were taken away from them, with people removed from their homes, of necessity, to lead uncomfortable lives in evacuation, and to suffer, what is more, the anxiety of having no prospect of returning home.

It follows that when calculating the amount of damage for this period, we took into account the fact that this is not a case of damage for mental anguish resulting in physical injury; used the *solatia* payable under automobile liability damage insurance (JPY 4 200 a day, or JPY 126 000 as a monthly figure) as a reference point; and took into consideration the considerable psychological anguish experienced as described above, along with an increase in living expenses. In the result we decided that a reasonable benchmark would be JPY 100 000 per person per month.

It is hard to deny however that living in evacuation for an extended period of time, in particular in an evacuation centre at the start of the evacuations, would have been, in a comparative sense, a harsh way to live, more so than in other accommodation facilities in terms of the living environment, comfort, and privacy. For this reason, taking this point into account as a factor for increasing the amount of damage, and only in respect of a period of living in evacuation at an evacuation centre, a benchmark of JPY 120 000 per person is conceivable.

#5 With respect to Guideline III) (2), during the six months following the end of Stage 1 (that is, Stage 2), individuals will have experienced psychological anguish from, of necessity, having to continuously lead a life mostly lacking in comfort in a location other than their own home, and being in a state of ongoing uncertainty from not knowing when they will be able to return home. On the other hand those earlier factors, such as the turmoil of suddenly losing the life that they knew, along with the very foundations of that life, are now basically absent in this stage, and during this time, with the foundations for living in evacuation for an extended period of time having been put in place and, for example, most people being able to take up residence in temporary housing and the like, people will be slowly adapting to their new environment in their evacuation destination. This means that it can be seen how those factors such as the discomfort associated with living in evacuation will also be diminished compared to Stage 1. The length of this period, however, will be re-assessed as necessary.

When calculating the amount of compensation for this period, in view of the factors described above, we took into account the fact that the foundations for living in evacuation for an extended period of time were being put into place, such that for example it was

becoming possible for most people to take up residence in temporary housing and the like if they wished to, so that it was possible to take the view that the harshness of living in evacuation etc. was being mitigated compared to Stage 1. Our Committee also used as a reference the variations in *solatia* with the passage of time listed in the Calculation Criteria for Damages in Civil Traffic Accident Suits (produced by the Tokyo Branch of the *Nichibenren* (Japanese Federation of Bar Associations) Traffic Accident Consultation Centre), and as a result we considered a benchmark of JPY 5 000 per person per month to be feasible.

#6 With respect to Guideline III) (3), during the period following the end of Stage 2 until the end date when, for example, people will actually be able to return home (that is, Stage 3), while it will be possible for people to have a more forward-looking approach, for example by allowing themselves the prospect of at some point, definitely ceasing to live in evacuation etc., making preparations to return home, and laying down the foundations for their lives, at the present time it is difficult to indicate specifically just when that will be. We therefore think it appropriate to leave the calculation of an amount of damage for Stage 3 for re-examination based on the course of future events, including the resolution of the accident; except, however, for those areas where an end date has already been reached.

#7 With respect to Guideline IV) (1), it is feasible for the starting date for damage under Guideline I) (1) to be the date when the qualifying individuals actually evacuated etc.

However, although these qualifying individuals will have evacuated on various dates depending on their particular circumstances, in the fairly lengthy period following the accident but prior to their evacuation etc., these individuals can also be regarded as having experienced psychological anguish in their lives to a degree corresponding to post-evacuation psychological anguish, as a result of the extreme disruption to the maintenance of a normal day-to-day life. Our Committee therefore decided that it would be reasonable to set 11 March 2011, the date of the accident, as the starting date for the occurrence of this damage for these individuals.

However, for children, pregnant women, persons requiring nursing care, hospital patients and others with a residence in an Evacuation-Prepared Area in Case of Emergency who evacuated on or after 20 June 2011, and for individuals who evacuated from Evacuation Recommendation Spots, the starting date will be the date when such individuals actually evacuated.

#8 The same considerations discussed in Notes #4 and #5 under Section 2 above will apply with respect to Guideline IV) (2).

#9 With respect to Guideline V), individuals who fall under Guideline I) (2) – that is, individuals who took shelter in an area until the lifting of that area's take shelter designation – in that they remained in their own homes, cannot imagine the psychological anguish of the sort experienced by those individuals who fall under Guideline I) (1) – that is, individuals who evacuated and resided temporarily outside an Affected Area. However, on the other hand, we took into account factors such as the fact that those taking shelter had limited freedom of movement, for example in venturing outdoors, and while we decided that their amount of damages should not exceed the amount of damages for individuals falling under Guideline I) (1), we think that an appropriate benchmark for this amount of damages would be JPY 100 000 per person.

#10 While our Committee believes it would be reasonable to calculate amounts of damages as monthly figures, since the figures for Guideline III) (1) and (2) and Guideline V) are just benchmarks, this does not preclude a flexible approach in terms of specific compensation.

#11 Other forms of psychological anguish caused by the accident can also be recognised as qualifying for compensation, depending on the individual circumstances involved.

7. Business damage

- Guidelines

I) Where an individual who formerly operated or currently operates all or part of a business inside an Affected Area in fact suffers a fall in revenue because, as a consequence of an evacuation instruction, that business is disrupted, for example because that individual is unable to operate the business, or the business suffers a decline in custom, the fall in revenue can be recognised as damage warranting compensation.

This fall in revenue ("lost earnings") will as a general rule be the difference between the revenue that the operator would have earned had it not been for the accident and the revenue that the operator did earn, less the difference between the costs that the operator would have incurred had it not been for the accident and the costs that the operator did incur (costs that the operator avoided incurring due to the accident).

II) In addition, extra costs that a business operator in Guideline I) incurred because of disruption to his or her business as described above (such as extra costs relating to employees, the cost of disposing of goods and/or business assets, and decontamination expenses), or extra costs that arose in order to avoid disruption to the business or because the operator made changes to the business (such as the cost of relocating a business base, and/or the cost of shifting or storing business assets) can also be recognised as damage warranting compensation, to the extent necessary and reasonable.

III) Furthermore, where after the lifting of such an instruction etc. a business operator in Guideline I) suffers a fall in revenue because his or her business was disrupted as a consequence of that instruction etc., the fall in revenue can also be recognised as damage warranting compensation, to a reasonable extent. Extra costs that arose after the lifting of the evacuation instruction etc. for the purpose of restarting all or part of a business (such as decontamination expenses and the cost of restoring machinery and other equipment) can also be recognised as damage warranting compensation, to the extent necessary and appropriate.

- Notes

#1 Where an individual who was operating all or part of a business in an Affected Area experiences disruption to that business owing to, for example, their own or their employees' evacuation etc., of necessity, from that area or their being impeded from taking vehicles or goods etc. in or out of that area, due to an evacuation instruction, business damage relating to that business can be recognised as damage warranting compensation.

Eligible businesses can be an agricultural, forestry or fishery business, a manufacturing business, construction business, sales business, services business, transportation business, medical services business, school education business, or any other business in general. Eligible businesses are not restricted to for-profit businesses, and so long as part of a business is conducted in an Affected Area, it can be eligible.

The cost of disposing of or returning goods or business assets, an increase in costs for example to procure goods, and extra costs relating to employees, etc., that arise as a result of this disruption to business, or extra costs to avoid such a situation, such as the cost of the business operator's relocation of a business site from inside to outside an Affected Area, or the cost of removing business assets etc. required for the business (including, for example livestock) can also be recognised as damage warranting compensation, to the extent necessary and reasonable.

#2 In addition to sales, "revenue" in Guideline I) also includes the corresponding portion of any grants etc. that the operator would have received as a consequence of conducting

the business (for example, household income support grants for farmers, medical fees etc. in a medical services business, and matching fund subsidies for private universities).

#3 Where, for example, a business operator did not deduct from lost earnings the rent payments and employee wages, etc. that the operator avoided incurring as a result of the accident, since it would be inappropriate for a business operator to also be inadvertently compensated for selling expenses and general administrative expenses that they did not actually incur, "costs" in Guideline I) includes selling expenses and general administrative expenses in addition to the cost of the goods for sale.

#4 Where a business operator had already incurred costs associated with prospective sales, or has costs that he or she necessarily incurs on an ongoing basis, it will be appropriate not to deduct these costs when calculating that operator's fall in revenue (which is the amount of damage), given that the operator would not have avoided incurring these costs as a result of the accident.

#5 While the reference to a "fall in revenue" in Guideline I) is not the same as the reference to a "reduction in income" in Guideline I) of Part 3, Section 5 of the Preliminary Guidelines, here revisions have been made to define the meaning more clearly, and there is little or no substantive difference between the terms.

#6 If a business operator suffered business damage as a result of the accident prior to an evacuation instruction, since there are no reasonable grounds to disqualify this for compensation, business damage on or after the date of the accident can be recognised as damage warranting compensation.

#7 While it would be reasonable to set as the end date for business damage the day from when an eligible business operator became able to conduct basically the same business activities as before, or equivalent business activities, at the present time it is difficult to indicate in every case the date until which compensation should apply, including the period for which a fall in revenue occurred as a result of the accident, and this issue will be re-examined. During that re-examination however, since the option will be generally be available for a business operator to, for example, relocate its business site or change businesses, it will be necessary to keep in mind that there will be certain limits to the length of time that ought to warrant compensation, and that there will be some individuals who have made a special effort, for example, to change businesses early on.

#8 If a business operator has become insolvent or has closed their business, it is possible for the lost or reduced value (reduction in value) of business assets, lost earnings for a certain period, and extra costs resulting from the insolvency or business closure, etc. to constitute damage warranting compensation.

#9 If a business operator has already shut down a site in an Affected Area, relocated a business site, or changed businesses (including a temporary relocation or change), it is possible for the reduction in value of their business assets; lost earnings for the period until the business site relocation or change of business is achieved; the amount of the gap between the current and former revenue of the business for a certain period following the business site relocation or change of business; and extra costs resulting from a relocation described in Guideline II), etc., to constitute damage warranting compensation.

#10 When examining the issue of a "certain period" during which lost earnings, etc. are to attract compensation in the event of a business operator's "insolvency" or "business closure" in Note #8 or "relocation" or "change of business" in Note #9, particular attention will be given to cases such as those where changing occupations would be especially difficult, such as for older persons or individuals in an agricultural, forestry or fishery business, and to cases where the business operator has made a special effort.

8. Damage resulting from incapacity to work

- Guideline

Where as a result of an evacuation instruction a worker with a residence or place of work in an Affected Area, or where a worker, employed by a business operator who suffers business damage as described in Section 7 above, as a result of that business operator's business damage, experiences incapacity to engage in that work, then the reduction in that worker's salary etc. and, to the extent necessary and reasonable, the worker's extra costs, can be recognised as damage warranting compensation.

- Notes

#1 Where a worker who of necessity evacuates, etc., experiences incapacity to work, for example because the business conducted at their place of work, which was in an Affected Area, is closed of necessity as a result of the accident, or their evacuation destination is far from their place of work, then the reduction in their salary, etc. and, to the extent necessary and reasonable, their extra costs can be recognised as damage warranting compensation. Incapacity to work also includes termination from employment and other forms of redundancy that are in a sufficient causal relationship with the accident.

#2 Because the lost earnings of self-employed individuals and family farm employees etc. may qualify separately as business damage, they will not qualify as damage resulting from an incapacity to work here.

#3 Where a worker's employer pays that worker wages, etc. for any part of a period when that worker experiences incapacity to work, this constitutes an expense of the employer, which is damage incurred by that employer, and ought to be taken into consideration as business damage of that employer.

On the other hand, with respect to unpaid wages for work already performed, while properly speaking the employer ought to pay those wages, where it is recognised that the employer's inability to pay the wages is a result of the accident, the wages could also fall under damage to the worker (see also Note #1 in Section 10 below; however, it should be noted that if a worker does receive compensation, the worker's claim to wages will be subrogated to the limit of that amount).

#4 If a worker suffers damage prior to an evacuation instruction as a result of incapacity to work due to the accident, since there are no reasonable grounds to disqualify this for compensation, the damage on or after the date of the accident can be recognised as damage warranting compensation.

#5 For individuals who were not working but who had work scheduled, that work might qualify as damage resulting from an incapacity to work that warrants compensation, depending on how certain the work was.

#6 A reduction in wages etc. will as a general rule be the individual's wages etc. prior to the incapacity to work less their wages etc. after they experience the incapacity to work. These "wages, etc." also include the worker's various allowances, bonuses, and like payments.

#7 These extra costs, to the extent necessary and reasonable, also include the costs of changing residence, an increase in commuting expenses, and similar costs incurred where a worker is reassigned or changes employment, etc., of necessity, because their place of work, which was in an Affected Area, of necessity, is relocated or suspends operations, etc. as a result of the accident, as well as an increase in commuting expenses and similar costs incurred by a worker who, of necessity, evacuates etc. from an Affected Area.

#8 While it would be reasonable to set as the end date for damage resulting from an incapacity to work the day from when an eligible worker became able to engage in basically the same work activities as before, or equivalent work activities, at the present time it is difficult to predict the specific date, etc. until which compensation should apply, including the period for which a reduction occurred as a result of the accident, and this issue will be re-examined. During that examination, however, since it is generally conceivable that the option will be available for an individual to respond to an incapacity to work, for example by changing employment, it will be necessary to keep in mind that there will be certain limits to the length of time that ought to attract compensation, and that there will be some individuals who have made a special effort, for example, to change employment or find temporary work early on.

9. Examination expenses (property)

- Guideline

With respect to property, which includes goods, that was located in an Affected Area, where it is recognised as necessary and reasonable to arrange for testing to ascertain the safety of the property, based on factors such as the nature of that property, examination expenses incurred by the property owner, etc. (including incidental costs, such as transportation costs incurred for the purpose of testing; the same applies below) can be recognised as damage warranting compensation, to the extent necessary and reasonable.

- Notes

#1 With a clear picture of the full damage caused by the accident yet to emerge, it is unknown whether or not any particular item of property was exposed to radioactive material at levels that resulted in its value being completely lost or reduced.

The value or price of property, however, is greatly influenced by psychological and subjective factors such as the impressions, thoughts, and awareness of the individuals who buy and sell, etc. that property. Moreover, property testing often needs to be conducted, for example as a preventive measure to stop the other party from backing out of the transaction, asking for the transaction to be cancelled or asking for a price reduction, or to keep the escalation of business damage to a minimum.

It follows that judging by the standard of the knowledge of the average, ordinary person and based on factors such as the type and nature of the property in question, where the owner, etc. of that property has deep concerns over the safety of that property and it is recognised as necessary and reasonable for that owner, etc. to arrange for testing in order to entirely dispel those concerns, it is reasonable to recognise those examination expenses incurred as damage.

#2 If examination expenses as a result of the accident are incurred prior to an evacuation instruction, it can be presumed that the testing was arranged based on a reasonable judgement due to the accident, and in the absence of reasonable grounds for disqualifying these examination expenses for compensation, these expenses can also be recognised as damage warranting compensation to the extent necessary and reasonable.

10. Loss or reduction, etc. of property value

- Guidelines

The following actual damage to property can be recognised as damage warranting compensation. “Property” here includes both personal and real property.

I) Where it is recognised that a property in an Affected Area has lost some or all of its value because of an inability to manage the property as a consequence of an evacuation

etc., of necessity, due to an evacuation instruction, the extent to which the value was actually lost or reduced, and to the extent necessary and reasonable, additional costs due to that loss or reduction (such as the costs of disposing of or repairing the property), can be recognised as damage warranting compensation.

II) In addition to Guideline I), property in an Affected Area:

(1) that is exposed to radioactive substances at levels that resulted in the loss or reduction of its value; or

(2) that does not fall under (1), but where it is recognised that, based on factors such as the property's type and nature and the mode of the transaction, and judging by the standard of the knowledge of the average ordinary person, the property has lost some or all of its value as a result of the accident, the extent to which the value was actually lost or reduced, and to the extent necessary and reasonable, additional costs such as the costs of decontamination, can be recognised as damage warranting compensation.

III) Expenses incurred by an owner, etc. to prevent the complete loss of or reduction in the value of a property in an Affected Area due to an inability to manage that property or to its exposure to radioactive material can be recognised as damage warranting compensation, to the extent necessary and reasonable.

- Notes

#1 With respect to Guideline I), where it is recognised that property has lost some or all of its value because of an inability to manage the property as a consequence of an evacuation, etc., the extent to which the value was actually completely lost or reduced, and to the extent necessary and reasonable, additional costs due to that loss or reduction (such as the costs of disposing of or repairing the property), can be recognised as damage warranting compensation.

However, where the property comprises goods, the decision on whether to assess the damage as completely lost or reduced etc. property value (property's objective value) or as a fall in revenue as part of business damage (lost earnings) should be made in accordance with the particular circumstances of the matter.

For property for which completely lost or reduced value cannot actually be confirmed because the property cannot be entered, one option will be to calculate the lost or reduced value by making an assumption as to the property's most probable state.

#2 With respect to Guideline II) (1), where the property's value is completely lost or reduced because radioactive substances released in the accident came in contact with the property, that loss or reduction of value, and to the extent necessary and reasonable, additional costs due to that loss or reduction (such as the costs of decontaminating or disposing of the property), will qualify for compensation.

#3 With respect to Guideline II) (2), even if it is not possible to go so far as to recognise that the value of property was completely lost or reduced because radioactive substances came in contact with the property as under Guideline II) (1), in view of the fact that the value or price of property is greatly influenced by psychological and subjective factors such as the impressions, thoughts, and awareness of the individuals who buy and sell, etc. that property, where there is no alternative to recognising that the value of the property has been completely lost or reduced, based on factors such as the type and nature of the property, and the mode of the transaction, judging by the standard of the knowledge of the average, ordinary person, that loss or reduction in value and, to the extent necessary and reasonable, additional costs will constitute damage warranting compensation.

#4 With respect to Guidelines I) and II), as a general rule, reasonable repair, decontamination and similar costs will be limited to the objective value of the property in question. However, with respect to cultural property, agricultural land, and other non-fungible forms of property, it will be possible to allow, as an exception, compensation in an amount that exceeds the objective value of the property in question, within reason.

#5 Although as a general rule the value of an item of property, which constitutes the criterion for damage, ought to be the amount corresponding to the property's market value at the time of the accident, where it is difficult to calculate the market value, another option is to make a calculation based on the property's book value in accordance with corporate accounting practices that are generally accepted as fair and appropriate.

#6 With respect to damage relating to a fall in the price of a real property sales agreement or a real property lease ("real property contract"), where it can be recognised as certain that such a contract would have been executed for the price originally arranged had it not been for the accident, the difference between that price and the actual contract price can be recognised as damage warranting compensation, within reason.

With respect to damage relating to, for example, refusal to execute or repudiation during the term of a real property contract, where it can be recognised as certain that the contract in question would have been executed or continued had it not been for the accident, that damage can be recognised as damage warranting compensation, within reason.

With respect to, for example, damage caused by the refusal of finance that was to be secured by real property or damage caused by the reduction of the rent under a lease on real property, where it can be recognised as certain that had it not been for the accident the finance would not have been refused or the rent would not have been reduced, etc., that damage can be recognised as damage warranting compensation, within reason.

Part 4. Damage relating to government marine exclusion zones and no-fly zones

Affected zones

1. A circular nautical area within a 30-km radius centered on the TEPCO Fukushima Daiichi nuclear power plant, designated by the Government on 15 March 2011 as a marine exclusion zone (a circular area in the same nautical area within a 20-km radius was also designated as an "exclusion zone" on 22 April 2011, and subsequently on 25 April, the marine exclusion zone was terminated for the entire nautical area, and at the same time, a circular area between a 20-km radius and a 30-km radius, excluding the exclusion zone, was designated as an "Evacuation-Prepared Area in Case of Emergency". All these circular nautical areas designated before and after this change are referred to collectively below as "marine exclusion zones").

2. A circular airspace area within a 30-km radius centered on the TEPCO Fukushima Daiichi nuclear power plant designated by the Government on 15 March 2011 as a no-fly zone (reduced to a circular airspace area within a 20-km radius on 31 May 2011).

Types of damage

1. Business damage

- Guidelines

I) If as a result of the designation of the marine exclusion zones (i) fishermen had to abandon operations or navigation in the affected zones, or (ii) persons operating coastal

shipping or passenger liner businesses had to navigate detouring around the zones, so that there was an actual fall in revenue, or a detour-related increase in costs, the fall in revenue or increase in costs can be recognised as damage warranting compensation, to the extent that is necessary and reasonable.

II) If as a result of the designation of the no-fly zone, persons operating air transport businesses had to fly detouring around the zone, and costs increased, the increase in costs can be recognised as damage warranting compensation, to the extent that is necessary and reasonable.

- Notes

#1 The calculation method etc. for the fall in revenue will be the same as in Part 3, Section 7 above (excluding however, portions associated with evacuations, etc.).

#2 Note that where persons imposed restrictions voluntarily before the Government designated the marine exclusion zones and no-fly zone, it can be presumed that these were carried out based on reasonable judgements due to the accident, and falls in revenue etc. as a result of these restrictions can also be regarded as damage warranting compensation, in the absence of reasonable grounds for disqualification from compensation.

2. Damage due to incapacity to work

- Guideline

If due to worsened business conditions as a result of the designation of marine exclusion zones and the no-fly zone, fishermen, coastal shipping operators, passenger liner operators, air transport operators and others experience an inability to operate, navigate or fly in those zones, so that workers who worked in those businesses experience an incapacity to work, of necessity, the reduction in wages etc. and to the extent necessary and reasonable, the additional costs for such workers can be recognised as damage warranting compensation.

- Note

The calculation etc. of the reduction in income will be the same as in Part 3, Section 8 above (excluding, however, portions associated with evacuations, etc.)

Part 5. Damage relating to government restrictions on shipment of agricultural, forestry and fishery products

Affected activity

Damage due to instructions, etc. ("instructions") issued by the Government concerning the accident in relation to the shipping, planting and other production, manufacturing and distribution of agricultural, forestry and fishery products and foods, and examination for foods (including those issued by local government entities based on reasonable grounds regarding the accident and those issued by producers' associations based on reasonable grounds regarding the accident with the involvement of the government or local government entities).

- Notes

#1 Instructions "issued by the Government concerning the accident" includes, for example, the following: instructions issued by the Government to the head of any local government entity under the Nuclear Preparedness Act restricting the shipment of goods,

instructions restricting consumption and planting, guidance restricting the provision of pasturage and grazing etc., and prohibitions on sale and instructions on examination for foods under the provisions of the Food Sanitation Act (Act No. 233 of 24 December 1947, as amended).

#2 Instructions "issued by local government entities based on reasonable grounds regarding the accident" includes, for example, where a prefecture asks the producer of a specific item to voluntarily refrain from the shipment of goods or operations on the grounds of examination results for the specific item in excess of a provisional regulatory level.

#3 Instructions "issued by producers' associations based on reasonable grounds regarding the accident with the involvement of the Government or local government entities" includes, for example, designations of coastal waters off prefectures involved in the accident as marine exclusion zones, and decisions made by fishermen associations in those prefectures, in consultation with the prefecture, to voluntarily refrain from operations, based on circumstances such as the discharge of contaminated water.

Types of damage

1. Business damage

- Guidelines

I) If an operator engaged in agriculture, forestry or fishery, or in another business affected by instructions, abandons an activity affected by the instructions, of necessity, due to those instructions, and suffer an actual fall in revenue due to the business being impeded, that fall in revenue can be recognised as damage warranting compensation.

II) Further, the additional costs of an operator engaged in agriculture, forestry or fishery or in another business affected by instructions, which are borne due to the impediments to business mentioned above (such as costs of recalling products and disposal), or arise in order to avoid impediments to business or to change businesses (such as the costs of buying alternate feed, and of replacing contaminated production materials), can also be recognised as damage warranting compensation, to the extent necessary and reasonable.

III) The actual fall in revenue and, to the extent necessary and reasonable, additional costs arising for a manufacturer or distributor that had, for example, already manufactured or stocked items affected by the instructions and had to abandon selling the item or a product made from the item, of necessity, due to impediments that arose in relation to that business, can also be recognised as damage warranting compensation.

IV) Further, after the lifting of the instructions as well, if operators affected by the instructions or the manufacturers or distributors in III) suffer a fall in revenue due to impediments that arose due to the instructions, that fall in revenue can also be recognised as damage warranting compensation. Also, the additional costs arising due to the reopening of all or a part of a business after the lifting of the instructions (such as preparing agricultural land or machinery for re-use, or decontamination) can also be recognised as damage warranting compensation, to the extent necessary and reasonable.

- Notes

#1 In terms of Guideline I), if, for example, an instruction restricting the shipment of agricultural or forestry products does not actually restrict planting itself, but in light of circumstances such as the time required from planting to shipment, and the fact that there is no prospect of the restriction being terminated as at the time of planting, so that abandoning all or some of the planting is regarded as unavoidable, the fall in revenue etc.

that arises due to abandoning planting can also be recognised as damage due to the instructions that warrants compensation.

#2 In terms of restrictions imposed voluntarily before instructions are issued, falls in revenue etc. due to these restrictions can be presumed to have been carried out based on reasonable judgements due to the accident and can be recognised as damage warranting compensation, in the absence of reasonable grounds for disqualification from compensation.

#3 The calculation method etc. for the fall in revenue will be the same as in Part 3, Section 7 above (excluding however, portions associated with evacuations, etc.).

2. Damage due to incapacity to work

- Guideline

If, due to instructions, operating conditions worsen for operators affected by the instructions or manufacturers or distributors in Section 1 Guideline III) above, so that workers who worked in those businesses experience an incapacity to work, of necessity, the reduction in wages etc., and to the extent necessary and reasonable, the additional costs for such workers can be recognised as damage warranting compensation.

- Note

The calculation method etc. for the reduction in income will be the same as in Part 3, Section 8 above (excluding however, portions associated with evacuations, etc.).

3. Examination expenses (property)

- Guideline

The costs of examination borne by agriculture, forestry, fishery and other operators carried out under instructions, of necessity, can be recognised as damage warranting compensation.

- Note

If examination is carried out, of necessity, due to demands etc. from trading partners, this can constitute damage under Part 7 below ("rumour-related" damage).

Part 6. Damage relating to other government instructions

Affected activity

Damage due to instructions etc. issued by the Government concerning the accident, in addition to the government instructions listed above in Parts 3 through 5.

- Note

Instructions here means guidance restricting water consumption, guidance on examination for water, guidance on the handling of the by-products of water supply and sewerage treatment etc. where radioactive substances have been detected and guidance on determining usage in school buildings and grounds etc.

Types of damage

1. Business damage

- Guidelines

I) If there has been an actual fall in revenue due to the business of an affected operator being impeded due to restrictions on activity, of necessity, due to the instructions, that fall in revenue can be recognised as damage warranting compensation.

II) Further, the additional costs of operators affected by instructions, which are borne due to the kind of impediments to business above (such as costs of recalling, storing or disposing of products), or arise in order to avoid impediments to business or to change businesses (such as the costs to a water operator of providing alternate water, decontamination costs and the costs of reducing the amount of radiation in schoolyards and gardens), can also be recognised as damage warranting compensation, to the extent necessary and reasonable.

III) Moreover, even after the termination of the instructions, if operators affected by the instructions suffer a fall in revenue due to impediments that arose due to the instructions that fall in revenue can also be recognised as damage warranting compensation. Also, the additional costs arising due to the reopening of all or a part of a business after the termination of the instructions can also be recognised as damage warranting compensation, to the extent necessary and reasonable.

- Notes

#1 Note that where persons imposed restrictions voluntarily before the instructions were issued, it can be presumed that these were carried out based on reasonable judgements due to the accident, and falls in revenue etc. due to these restrictions can also be regarded as damage warranting compensation, in the absence of reasonable grounds for disqualification from compensation.

#2 The calculation method etc. for the reduction in income will be the same as in Part 3, Section 7 above (excluding however, portions associated with evacuations, etc.).

#3 In terms of measures for reducing the amount of radiation affecting elementary and secondary school children and others from the soil in schoolyards and gardens, this will, at the least, be pursuant to the results of investigations by the Government and local government entities, and if the Government supports some of the cost of measures to reduce the amount of radiation, the additional costs for those measures that are borne by schools and other authorities can be recognised as damage warranting compensation, to the extent necessary and reasonable.

2. Damage due to incapacity to work

- Guideline

If, due to instructions, operating conditions worsen for operators affected by the instructions so that workers who worked in those businesses experience an incapacity to work, of necessity, the reduction in wages etc., and to the extent necessary and reasonable, the additional costs for such workers can be recognised as damage warranting compensation.

- Note

The calculation method etc. for the reduction in income will be the same as in Part 3, Section 8 above (excluding however, portions associated with evacuations, etc.).

3. Examination costs (property)

- Guideline

The costs of examination, carried out under instructions, that are borne by operators affected by those instructions, of necessity, can be recognised as damage warranting compensation.

- Notes

#1 Note that where testing was carried out voluntarily before the instructions were issued, it can be presumed that these were carried out based on reasonable judgements due to the accident, and the testing can be regarded as damage warranting compensation, in the absence of reasonable grounds for disqualification from compensation.

#2 If examination is carried out, of necessity, due to demands etc. from trading partners, this can constitute damage under Part 7 below ("rumour-related" damage).

Part 7. "Rumour-related" damage

1. General criteria

- Guidelines

I) Although there is no established definition of so-called rumour damage, in these guidelines "rumour-related" damage refers to concern about the risk of contamination with radioactive material in relation to products or services, due to facts that are widely known through media reports, leading consumers or trading partners to refrain from purchasing the product or service, or stop trading in the service or product, resulting in damage.

II) "Rumour-related" damage is eligible for compensation if there is a sufficient causal relationship to the accident. The general criteria for this is as follows: when a consumer or trading partner is concerned about the risk of contamination with radioactive material resulting from the accident in relation to a product or service, and their psychological state of wanting to avoid the product or service is reasonable from the perspective of an average, ordinary person.

III) In terms of what specific kind of "rumour-related" damage will be recognised as damage with a sufficient causal relationship with the accident, our view is as follows, based on the special characteristics of each industry etc. and divided by type according to factors like sales, the nature of the item, the region, and items of damage.

(1) In terms of the types of "rumour-related" damage that is to a certain extent indicated for every industry, damage due to reluctance to purchase etc. that actually arose at the time of the accident onwards (meaning damage corresponding to that in Guideline IV); the same applies below) will, in principle, be recognised as qualifying for compensation as damage in a sufficient causal relationship with the accident.

(2) In terms of types other than those in (1), instances of damage due to reluctance to purchase etc. that actually arose at the time of the accident onwards will be individually evaluated in light of the general criteria in Guideline II) to determine whether there is a sufficient causal relationship with the accident.

IV) The types of damage will be the following items arising due to consumers or trading partners being reluctant to purchase or suspending transactions for goods or services:

(1) Business damage

A fall in revenue and, to the extent necessary and reasonable, additional costs, due to a reduction in trading volume or a drop in trading prices (including the costs of returns, disposal and decontamination of goods).

(2) Damage due to incapacity to work

If, due to the business damage in (1), operating conditions worsen for operators so that workers who worked in those businesses experience an incapacity to work, of necessity, the reduction in wages etc., and to the extent necessary and reasonable, the additional costs.

(3) Examination costs (property)

The cost of examination carried out, of necessity, due to demands etc. from trading partners.

- Notes

#1 The expression "rumour-related" damage is interpreted to mean a variety of things depending on the person, and it is sometimes used in the sense of damage caused by state of anxiety in consumers or trading partners who avoid buying goods and services due to concerns about risks even though there is absolutely no risk from radioactive material, etc. However, when we are speaking of a nuclear accident like the accident, we should instead at the very least, be considering "rumour-related" damage to be due to a rejection by the market in order to avoid the risk of contamination due to radioactive substances which are not necessarily well-defined in scientific terms. It follows that if this kind of avoidance behaviour can be regarded as reasonable, the damage will qualify for compensation.

We understand "rumour-related" in this way, although it is desirable to avoid the expression "rumour-related" from the outset, but there is no suitable expression to replace it at present, either in the courts or in practice. Furthermore, this type of damage differs from the business damage in the case of businesses having been abandoned due to evacuation etc., in the special characteristic of media outlets and the opinions, judgements and acts of third parties – consumers and trading partners – being interposed, so that it is undeniably a somewhat unique type of damage.

It follows that we have decided to use the expression "rumour-related" defined in Guideline I), while remaining conscious of the fact that this will unavoidably invite the kind of misunderstandings mentioned above.

#2 "Rumour-related" damage is not limited to agricultural, forestry or fishery products or foods, but also includes damage to products in general, namely personal property and real property, or intangible services other than goods (for example, the various services etc. provided in the tourism industry).

#3 The limits of "rumour-related" damage are not necessarily well-defined, and while in the final result the existence of a sufficient causal relationship with the accident is something that should be determined on an individual case-by-case basis, we will indicate, in these Interim Guidelines, in relation to this kind of damage as well, in order to contribute to the resolution of disputes relating to the accident, the types of damage most likely to be recognised as being in a sufficient causal relationship and matters that should be considered when determining the existence of a sufficient causal relationship.

Where damage that falls within Section 1, Guideline III) (1) above is damage due to reluctance to purchase etc. arising after the accident, this alone will lead to a presumption that a sufficient causal relationship exists, and the damage can, in principle, be recognised as warranting compensation.

However, it goes without saying that the "rumour-related" damage that qualifies for compensation is not limited to these types, and "rumour-related" damage that does not fall within the types in Guideline III) (1) (the "rumour-related" damage in Guideline III) (2)) will qualify for compensation where a sufficient causal relationship with the accident is recognised. In these cases it will be possible, for example, to use reasonable evidentiary methods relying on objective statistical data etc. and comparing such damage with damage that does fall within Guideline III) (1).

#4 Where damage is regarded as having been caused by both the accident and other causes (for example, the drop in consumer sentiment due to the Great East Japan Earthquake itself, etc.), the damage can be recognised as warranting compensation to the extent that it is in a sufficient causal relationship with the accident.

#5 Note that given that "rumour-related" damage is based, as stated above, on the mindset of consumers and trading partners who fear risks concerning goods etc. and avoid them, there are certain limits on the period for which "rumour-related" damage will qualify for compensation.

In general terms, the end of the period will be when "it would be reasonable for the reluctance to purchase and suspension of transactions to have resolved, taking the average, ordinary person as the standard", however given factors including that the accident are not yet resolved, it is at the very least difficult at present to indicate specifically just when that will be. For the time being it is appropriate to make reasonable decisions according to the individual circumstances, considering matters like trading volumes and prices, the specific details of how the reluctance to purchase etc. arose, and the special characteristics etc. of the goods and services concerned, while referring to objective statistical data etc.

#6 The calculation methods etc. for damages due to business damage or incapacity to work will be the same as in Part 3, Section 7 or Part 3, Section 8 above (excluding however, portions associated with evacuations, etc.).

2. "Rumour-related" damage to agriculture, forests and fisheries, and food production

- Guidelines

I) The damage listed as follows can, in principle, be recognised as damage of type 1 Guideline III) (1), which warrants compensation:

(1) Damage due to reluctance to purchase etc. in the agricultural, forestry and fishery industries that actually arose at the time of the accident onwards and is related to the products listed as follows:

i) agricultural and forestry products (limited to those for human consumption; excluding tea and livestock products) produced in any of Fukushima, Ibaraki, Tochigi, Gunma, Chiba and Saitama prefectures;

ii) tea produced in any prefecture in i) or in either of Kanagawa or Shizuoka prefectures;

iii) livestock products (limited to those for human consumption) produced in any of Fukushima, Ibaraki and Tochigi prefectures;

iv) fishery products (limited to those for human consumption and feed) produced in any of Fukushima, Ibaraki, Gunma or Chiba prefectures;

v) flowers produced in any of Fukushima, Ibaraki or Tochigi prefectures;

vi) other agricultural, forestry or fishery products produced in Fukushima prefecture;

vii) processed goods for which the agricultural, forestry or fishery products in i) through vi) are the primary raw material.

(2) Damage due to reluctance to purchase etc. in the agricultural industry that actually arose on or after 8 July 2011 to beef, processed goods for which beef is the primary raw material and cattle for human consumption produced or raised in, at least, any of Hokkaido, Aomori, Iwate, Miyagi, Akita, Niigata, Gifu, Shizuoka, Mie or Shimane prefectures.

(3) Damage due to reluctance to purchase etc. in the processing and food production industries for agricultural, forestry and fishery products that actually arose at the time of the accident onwards and is related to the products and foods ("products") listed as follows:

i) products for which the processing or manufacturing operator has its main office or plant in Fukushima prefecture;

ii) products for which the main raw material is the agricultural, forestry or fishery products in (1) i) through vi) or the beef in (2).

iii) foods for which water subject to measures restricting human consumption (including measures aimed at infants) was actually used as an ingredient.

(4) Damage due to reluctance to purchase etc. in the distribution industry for agricultural, forestry and fishery products, and foods that actually arose at the time of the accident onwards, and is related to products stocked by operators who were continually dealing with the products listed in (1) through (3).

II) Damage which arose in the agricultural, forestry and fishery industries, the processing and food production industries for the agricultural, forestry and fishery industries and the distribution industry for agricultural, forestry and fishery products and foods, through voluntarily abandoning some or all shipments of goods, operations, planting, processing or similar in advance due to fear of the damage due to reluctance to purchase, etc. listed in Guideline I) can, as a general rule, be recognised as damage warranting compensation, if such decision was unavoidable.

III) Examination costs, in the agricultural, forestry and fishery industries, the processing and food production industries for the agricultural, forestry and fishery products and the distribution industry for agricultural, forestry and fishery products and foods, and in other food production industries, relating to testing of agricultural, forestry and fishery products (including processed goods) or foods (including the water used in the course of processing or manufacturing) carried out, of necessity, on the demands, etc. of trading partners at the time of the accident onwards, in prefectures under instructions from the Government to carry out testing in connection with the accident, in relation to products of the same type as the products affected by those instructions, can in principle be recognised as damage warranting compensation.

IV) Damage due to reluctance to purchase, etc. that actually arose at the time of the accident onwards, in addition to the damage listed in Guideline I) through Guideline III) in the agricultural, forestry and fishery industries, the processing and food production industries for the agricultural, forestry and fishery products and the distribution industry for agricultural, forestry and fishery products and foods, and in other food production industries, will be evaluated in terms of trends in trading volume and prices, and the details of how specific instances of reluctance to purchase etc. arose, on a case-by-case or type-by-type basis, giving consideration to matters such as the special characteristics of the product (including the circumstances of its production and distribution), the special characteristics of the regions where it is produced etc. (for example, the locality and the distance from the location where the accident occurred), plans to carry out examination and the test results, the details of government and other instructions restricting shipments (including prefectural requests to voluntarily refrain from shipments; the same applies below) and the contamination of materials used in the production or manufacturing of the product, and if it is recognised as being reasonable, based on the standard of the average, ordinary person, for consumers or trading partners to fear the risk of radioactive material contamination of the product due to

the accident, and want to avoid the product, then a sufficient causal relationship with the accident will be recognised and the damage will qualify for compensation.

- Notes

#1 For agricultural, forestry and fishery products, and foods:

i) agricultural, forestry and fishery products must be plants and animals cultivated and raised on agricultural land or fishing grounds etc. and the fear of radioactive contamination of soil and waters must tend to be directly connected to fears about these plants and animals;

ii) given that food in particular is something that consumers consume and introduce into their bodies, consumers are particularly sensitive and will tend to avoid them out of fear of internal exposure to radiation;

iii) since food is essential to people's daily lives and since normally it is not that expensive, normally it would be hard to believe that the drop in consumer confidence due to the Great East Japan Earthquake itself would cause consumers to go so far as a reluctance to purchase food, etc.;

iv) given that flowers, etc. are distributed unwashed after picking and that consumers use them in close proximity to their persons, consumers will tend to fear coming into contact with them; and

v) since in general it is comparatively easy to obtain substitute agricultural, forestry and fishery products and food from other production areas, it is also comparatively easy for a reluctant consumer to consider them as an alternative.

Accordingly, to a certain extent, we also believe that, by the standard of the average, ordinary person, it is reasonable for consumers and trading partners to fear the risk of radioactive material contamination and so to be reluctant to purchase etc.

#2 As a result of our research on, among other matters, trends in trading prices and volumes to date since the accident, and specific examples of reluctance to purchase affecting the agricultural, forestry and fishery industries and the food production industry, we did confirm that damage due to reluctance to purchase, etc. has arisen for many items and in many regions. Of these, with respect to zones that came under government and other instructions restricting shipments as a result of the detection, in some affected items, of radioactive material in excess of provisional criteria, we find that, by the standard of the average, ordinary person, it is reasonable even if consumers or trading partners go so far as to have a mindset where they avoid buying or selling, etc. not just those affected items but also agricultural, forestry and fishery products (such as agricultural and forestry products, livestock products, and fishery products) of the same types cultivated and raised in that area, because they fear coming into contact with radioactive material and as a result being exposed to radiation internally, etc., including for a certain period after the termination of that instruction, etc. We find that even outside areas subject to those instructions, etc., with respect to certain regions there will be cases where, based on factors such as the special characteristics of their geography (in particular their distance from the site of the accident, and their geographic connections to the zones subject to those instructions, etc.), and the circumstances of the distribution of those products (in particular, the designation of their place of origin), going so far as to have the same sort of mindset will be unavoidable.

#3 From 8 July 2011, radioactive material in excess of provisional regulatory levels was detected in beef and in the rice straw used in its production, and it was confirmed that this was the cause of damage due to reluctance to purchase etc. beef in many regions. In this case, with respect to beef produced in prefectures in circumstances where, for example, rice straw and other materials contaminated with radioactive material (specifically, materials in which radioactive material in excess of provisional permissible

levels was detected) were used in cattle rearing, by the standard of the average, ordinary person we consider that it was also reasonable for consumers and trading partners to be reluctant to purchase etc. that beef, because they feared the risk of contamination. Lastly, while 17 prefectures are specifically listed under Guideline I) (2), this list is based on factors including the distribution and use of the rice straw and other materials in question reported by 29 July 2011 as well as trends in trading prices for beef produced in those prefectures. If it is confirmed that factors similar to those in the prefectures listed in Guideline I) (2) apply in other prefectures, those other prefectures ought to be treated in the same manner.

#4 In relation to the processing and food production industries for agricultural, forestry and fishery products, it will be recognised as reasonable even if consumers and trading partners have the same fear in relation to processed goods, such as foods etc., for which agricultural, forestry and fishery products that are feared by consumers and trading partners are the primary raw material (as a benchmark, with those agricultural, forestry and fishery products taking up roughly 50% or more of the weight of the raw materials). In addition, it will be recognised as reasonable even if consumers and trading partners want to avoid transactions, etc. due to the location of a main office or plant, or due to the water used as an ingredient.

#5 In relation to the distribution industry for agricultural, forestry and fishery products, and foods, for "rumour-related" damage relating to products already stocked arising for operators who are continually dealing with products, given that it is difficult to avoid damage due to reluctance to purchase, etc., this "rumour-related" damage will be recognised in the same way as that arising for agriculture, forestry and fishery operators, processing operators and food manufacturers.

#6 Note that whether damage arising due to processing operators and distributors being unable to stock products related to "rumour-related" damage qualifies for compensation as "indirect damage" is determined under Part 8.

#7 The gist of Guideline II) is that where it is regarded as reasonable to voluntarily abandon some or all of the shipment of goods, operations, planting and processing or similar in advance, since there are costs involved in these activities, in order to avoid or reduce damage due to reluctance to purchase, etc., this will be recognised as qualifying for compensation.

#8 The examination costs that qualify for compensation under Guideline III) include, for example, the costs where testing of water used in the course of manufacturing foods is carried out due to the demands etc. of trading partners in prefectures that are carrying out examination of city water supplies under guidance from the Government.

#9 Guideline IV) indicates matters to be considered when determining if there is a sufficient causal relationship in cases of the type mentioned in Section 1, Guideline III) (2) that are evaluated separately for damage that does not fall within Guidelines I) through III).

3. "Rumour-related" damage to tourism

- Guidelines

I) Among the nationwide damage to tourism arising after the accident, there is a high probability, using the standard of the average, ordinary person, that cancellations or reluctance to book, etc., resulted from the accident and subsequent discharge of radioactive substances, at the very least with regard to the tourism industry in the prefecture of Fukushima, where the accident occurred, and in the prefectures of Ibaraki, Tochigi and Gunma; thus, where a fall in tourism revenue due to such cancellations and reluctance to book etc. affected the tourism industry after the accident, as a general rule this can be recognised as damage with a sufficient causal relationship with the accident, on the basis that it is the type mentioned in Section 1, Guideline III) (1).

II) In addition to Guideline I) related to foreign tourists, for the tourism industry within Japan, if bookings had already been made before the accident, the fall in revenue due to a higher than usual cancellation rate at least until then end of May 2011 can, as a general rule, be recognised as damage with a sufficient causal relationship with the accident, on the basis that it is the type mentioned in Section 1, Guideline III) (1).

III) However, given that the fall in revenue in the tourism industry is highly likely to result from a downturn in consumer confidence caused by the Great East Japan Earthquake, this issue also needs to be evaluated when ascertaining damage and calculating the amount of compensation. This evaluation would, for example, compare the situation for cancellations and reluctance to book, etc. in regions that were comparatively unaffected by the accident, in order to make assumptions, to a reasonable extent, about whether or not damage arose and the amount of it.

- Notes

#1 Regarding the so-called "tourism industry":

i) It is possible to include within the "tourism industry" the accommodation-related sector such as hotels, inns and the travel business, the sightseeing industry such as leisure facilities and passenger boats, the transportation industry such as buses and taxis, as well as restaurants and retail outlets at tourist sites. However, the degree of contribution to sales made by tourists in these sectors is varied.

ii) "Rumour-related" damage differs in degree between travel arrangements and regions; thus, the extent of its impact on sales varies.

These circumstances should be fully taken into consideration when evaluating "rumour-related" damage. However, trends in tourist numbers since the accident, the results of surveys of cases of cancelled accommodation, and damage resulting from cancellations and reluctance to book, etc. centred on a certain area including Fukushima prefecture have been confirmed.

Given that the precondition that tourists come to the region is a special feature of tourism, based on information including the above-cited surveys and reports on travel-related perceptions, in addition to Fukushima prefecture where the accident occurred, travellers have reached a mindset where they fear release of radioactive substances and avoid tourism in Ibaraki, Tochigi and Gunma prefectures, in principle, this can be recognised as reasonable using the standard of the average, ordinary person. Further, since once "rumour-related" damage arises it tends to affect the entire tourist region, it is possible to recognise that there can be a range of impacts across the entire tourism industry in that region due to tourists not coming.

#2 Further, it has been confirmed from survey results so far, that damage has occurred due to foreign tourists cancelling their visits from the time of the accident onwards. In terms of foreign tourists, although on the one hand international bodies and others provided information to the effect that Japan was safe as a destination immediately after the accident onwards, the fact that there was a difference between the information received by Japanese people and the ordinary foreigner residing outside Japan, and the fact that some countries issued travel advisories, meant that it can be recognised as reasonable, using the standard of the average, ordinary person, for foreign tourists to consider avoiding visiting Japan, at least for the bookings that had already been made as at the time of the accident and also for those cancelled during a certain period immediately after the accident occurred. As for that certain period, it is reasonable to make that period to the end of May 2011 when the travel advisories issued by various countries were relaxed to a degree. Note that given that a certain level of cancellations is unavoidable in the tourism industry even under normal circumstances, a sufficient

causal relationship with the accident can be recognised, in principle, only in relation to the portion by which the cancellation rate exceeded the normal level.

#3 Since as stated in Note #1 i) and ii) a range of circumstances have an impact on "rumour-related" damage in the tourism industry, there is no alternative but for determinations on damage to be separate and specific. In particular, the tourism industry comprises modes that are specific to the operations in specific regions etc., and the circumstances of the industry vary from region to region. This means, as mentioned above, that "rumour-related" damage is prescribed as the types falling under Section 1, Guideline III) (1) above, but even damage that does not belong to those types can be recognised as being in a sufficient causal relationship with the accident if in light of the separate, specific circumstances of the tourism operator, damage due to cancellations and reluctance to book that has actually arisen, irrespective of the region, could be recognised as reasonable using the standard of the average, ordinary period reaching a mindset where they fear and want to avoid the risk of contamination from radioactive substances due to the accident, then a sufficient causal relationship with the accident can be recognised. For example, even for a tourism business based in a region other than those in Guideline I), if due to circumstances like geographic proximity to Fukushima prefecture or the special characteristics, etc. of the tourism resources employed by that tourism business, the fact of a fall in revenue etc. caused by cancellations or reluctance to book, etc. on the grounds of the accident is recognised, this can be recognised as damage in a sufficient causal relationship with the accident.

4. "Rumour-related" damage to manufacturing and services

- Guidelines

I) In addition to the damage listed in Sections 2 and 3 above, the damage to the manufacturing and service industries that arose from the accident onwards due to reluctance to purchase and suspension of trading etc. that is listed as follows, can, as a general rule, be recognised as being in a sufficient causal relationship with the accident, as damage of the type mentioned in Section 1, Guideline III) (1):

(1) Damage in relation to goods that are manufactured or sold or services that are provided from a site located in Fukushima prefecture where the accident occurred, which arose at that base.

(2) Damage that arose at a site located in Fukushima prefecture where the accident occurred due to providers of services, etc. refusing to visit, in relation to those services, etc.

(3) In relation to government guidance etc. concerning the handling of the by-products of water supply and sewerage treatment, etc. where radioactive substances have been detected:

  i) Damage arising due to operators affected by the guidance etc. avoiding accepting the by-products etc.

  ii) Damage relating to the products of operators who were manufacturing manufactured goods using the by-products as raw materials.

(4) Damage related to radiation testing carried out, of necessity, on the demand, etc. of trading partners, from the time of the accident onwards, by operators, in prefectures that are issuing guidance on examination for water (however, given that some water used in the course of manufacturing is ingested, etc. into the human body, for example in food additives, pharmaceuticals and medical equipment, this is limited to examination costs for products that consumers and trading partners are particularly sensitive about avoiding).

II) It should be noted that in terms of services, etc. provided by or to foreigners visiting Japan, decline in revenue and additional costs that were incurred due to damage sustained in Japan (including damage that arose for Japanese operators due to foreign vessels refusing to call at Japanese ports or to navigate through the waters off Fukushima) for services already contracted before the accident, and cancelled at least before the end of May 2011 (including refusal to call at port or navigate), can, in principle, be recognised as damage with a sufficient causal relationship with the accident, as damage of the type mentioned in Section 1, Guideline III) (1).

III) However, when evaluating Guidelines I) and II), for example, given that the probability of the impact of the Great East Japan Earthquake can be found to be considerable for damage arising due to the provider of a service etc. refusing to visit Fukushima prefecture, this issue also needs to be evaluated when identifying whether or not damage arose and when calculating the amount of damage.

- Notes

#1 As a result of surveys on specific instances of reluctance to purchase in the manufacturing and service industries etc., damage to goods manufactured and services etc. provided in Fukushima prefecture has been confirmed, and was due to service etc. providers refusing to visit Fukushima. In light of the circumstances of the accident, it can be regarded as reasonable, using the standard of the average or ordinary person for consumers and trading partners to fear the risk of contamination from radioactive substances, and to be reluctant to purchase etc. these goods manufactured and services etc. provided in Fukushima prefecture, and also to refuse to visit Fukushima. Further, the same applies to visits by foreigners in Note #2 for Section 3 above.

#2 On the one hand "subcontracting" can be seen in the manufacturing and service industries, etc., but it is necessary to be aware that a parent company refusing to take delivery of goods delivered by a subcontractor for the sole reason that the subcontractor is located in Fukushima prefecture, taking delivery in the short term only to then have the subcontractor take the goods back, risks violation of the Act on the Prevention of Delay in the Payment of Subcontracting Charges and that a request was made to the Minister for the Economy, Trade and Industry on 22 April 2011 for consideration regarding transactions with subcontracting small to medium enterprises.

#3 "Foreign vessels refusing to call at Japanese ports" in II) includes where foreign vessels have refused to call at a certain Japanese port and called at a different Japanese port.

5. *"Rumour-related" damage to exports*

- Guidelines

I) Costs including the costs of examination (including incidental costs accompanying testing such as the costs of decontamination and disposal; the same applies below in Note #3), to an extent that is necessary and reasonable, that actually arose due to demands from export destination countries (including demands under the government import regulations of those countries and from trading partners in those countries), after the accident, in relation to goods exported from Japan and the vessels and containers used to do so, and the costs of issuing the various certifications, can be recognised as being in a sufficient causal relationship with the accident, in principle, as damage of the type mentioned in Section 1, Guideline III) (1).

II) The fall in revenue and, to the extent necessary and reasonable, the additional costs arising due to the actual disposal, on-selling, or abandonment of production or manufacturing, of necessity, at the point when export destination countries have refused to allow goods exported from Japan to be imported (including refusals to import under the government import regulations of those countries and from trading partners in those

countries), limited to goods already exported to or produced or manufactured (including goods in the process of being produced or manufactured) for that export destination country, can be recognised as being in a sufficient causal relationship with the accident, in principle, as damage of the type mentioned in Section 1, Guideline III) (1).

- Notes

#1 The damage that has arisen in Japan's exports from the time of the accident onwards can be said, in general, including where the import regulations of foreign governments are involved, to have arisen when foreigners fear contamination by radioactive substances from Japanese exports, and avoid them, so that this damage can be thought of as one type of "rumour-related" damage.

#2 "Rumour-related" damage concerning exports also raises the question of the reasonableness of the judgement of the average, ordinary person, and in fundamental terms, it is appropriate to regard this "rumour-related" damage within the same scope as where a Japanese consumer or trading partner is envisaged. However, as there is a difference between the information received by a Japanese person and that received by an ordinary foreigner residing outside Japan, it is appropriate to regard the damage related to exports as qualifying for compensation more broadly than in the case of domestic transactions, limited to certain items of damage and a certain period of time.

#3 In light of the difference between the information received by foreigners residing overseas and Japanese people, and of the need to avoid damage arising from refusals to import, we can recognise the general reasonableness of a mindset that seeks examination and various certifications, including point of origin certification, for goods exported from Japan. It follows that for the time being, while the accident remains unresolved, the costs of examination and the costs, etc. of the issuance of various certificates of this nature for all exports from Japan can, in principle, be recognised as damage warranting compensation.

#4 On the other hand, it is generally difficult to recognise the reasonableness of a mindset that goes further than demanding testing and various certificates and involves the widespread rejection of all exports from Japan just because there is a difference in information. Further, generally speaking, Japanese operators whose exports have been rejected can also be expected to avoid or reduce the damage, for example by selling to another country or within Japan. It follows that, in principle, refusal to import can be recognised as being "rumour-related" damage in a sufficient causal relationship with the accident solely to the same extent as where a Japanese consumer or trading partner is envisaged. However, given that it is difficult for Japanese operators who have suffered damage to avoid damage due to refusal to import (into a another country, translator's note) in relation to goods for export that, before the refusal to import, were already exported, already produced or manufactured and ready to export to that country or in the process of production or manufacture, it is appropriate to recognise "rumour-related" damage in a sufficient causal relationship, limited, in principle to damage in this situation. Further, even in this situation, as stated above, given that even Japanese operators are expected to take steps to avoid damage, if for example damage arises due to exports where knowledge of the import refusal could have been obtained, this cannot be recognised as damage warranting compensation.

#5 "Goods already exported or produced or manufactured (including goods in the process of being produced or manufactured)" in Guideline II) means damage arising from the fact that, given that the type, quality, standards, wrapping and processing or manufacturing methods etc. for the goods for export are particularly tailored for the export destination country, it is difficult to sell them to another country (or if the goods can be sold on, revenue will fall or additional costs will be incurred).

Part 8. "Indirect damage"

- Guidelines

I) In these Interim Guidelines, "indirect damage" means damage suffered by third parties who are in certain economic relationships with individuals who suffered damage recognised as qualifying for compensation under Part 3 or Part 7 above as a result of the accident ("primary damage" and "primary victims").

II) Where the business transactions between the individuals who suffered indirect damage ("indirect victims") and the primary victims are irreplaceable due to the nature of the indirect victims' business, the indirect damage can be recognised as being in a sufficient causal relationship with the accident. Specific examples of this type of indirect damage include the following:

Damage that is suffered by business operators whose customers are regionally limited due to the nature of the business which necessarily arises due to the evacuation or suspension of business operations, etc. of the primary victims who are the operators' customers.

(1) Damage that is suffered by business operators whose suppliers are regionally limited due to the nature of the business which necessarily arises due to the evacuation or suspension of business operations, etc. of the primary victims who are the operators' suppliers.

(2) Damage that is suffered by business operators whose suppliers are regionally limited due to the nature of the raw materials or service which necessarily arises due to the evacuation or suspension of business operations, etc. of the primary victims who are the operator's suppliers.

III) The items of damage are as follows:

(1) Business damage.

Fall in revenue suffered and, to the extent necessary and reasonable, additional costs incurred by indirect victims as a result of the primary damage.

(2) Damage due to incapacity to work.

Reductions in income suffered and, to the extent necessary and reasonable, additional costs incurred by employees where, due to the business damage under (1) above, operating conditions worsen for the indirect victims, who are business operators and the employers of the employees, so that the employees, of necessity, experience an incapacity to work.

- Notes

#1 Types of damage other than those set out as examples under Guideline II) will be individually evaluated for damage caused by the accident, and where the indirect victims' business transactions with the primary victims are irreplaceable due to the nature of the indirect victims' business, a sufficient causal relationship with the accident can be recognised. For example, where indirect victim is legally obligated to conduct business transactions with a primary victim, damage necessarily arising due to business transactions with the primary victim can be recognised as being in a sufficient causal relationship with the accident.

#2 With regard to Guideline II) (3) above, as business operators are generally expected to take measures in advance to diversify and minimise risks in business transactions, cases where "suppliers are (…) limited due to the nature of the raw materials or service" will be situations where advance measures to minimise risks are either impossible or extremely difficult. Examples will include situations where raw materials necessary for certain

products are produced by a primary victim utilising special processes, etc. and it is impossible or extremely difficult to obtain the same type of raw materials from another supplier. In such cases, however, given that it is possible, after a certain period of time, to try to recover from damage by modifying materials or services, we regard the time period for compensation as being limited.

#3 Moreover, where third parties incur costs on behalf of primary victims or tortfeasors that should have been incurred by primary victims or tortfeasors, such costs will qualify for compensation, although they may not necessarily fit the definitions of indirect damage in Guideline I) above.

Part 9. Damage resulting from radiation exposure

- Guideline

Lost earnings, medical treatment expenses, pharmaceutical costs and damage for mental anguish, etc. suffered by nuclear power plant workers involved in the repair work, etc. associated with the accident, members of the self-defence forces, firemen, police officers, residents or others, which arose as a result of contracting an injury, experiencing a deterioration in health to an extent that requires medical treatment, contracting a disease, or death brought about as a result of acute or tardive radiation disorder developed through radiation exposure in the accident will be recognised as damage warranting compensation.

- Notes

#1 The value of the "damage for mental anguish due to injury or death" indicated here should, unlike cases under Part 3, Section 6 above, be calculated individually in proportion to the degree of injury or loss of life.

#2 Injury or death due to radiation exposure can be tardive radiation sickness, and if it is caused by radiation exposure in the accident, it will be also recognised as damage warranting compensation.

Part 10. Miscellaneous

1. Adjustments between various benefits and compensation for victims

- Guideline

Where individuals who suffered nuclear damage in the accident are found to have received benefits for damage of the same nature as the damage caused by the accident, the amount of those benefits should be deducted from the amount of the damage.

- Notes

#1 Where victims receive benefits and suffer damage in tort at the same time from the same cause, the general tort law recognises that the amount of benefits be deducted from the amount of damage that the tortfeasor should compensate, so long as the damage and benefits are of the same nature (the legal principle of set-off).

#2 Each benefit should be evaluated as to whether it bears the same nature as the damage so that the specific amount of benefit to be deducted from the damage can be determined. At least the following, however, should be deducted from the damage amounts listed respectively below. Furthermore, in this case, benefits of the same nature that can be deducted from the damage are limited to benefits that have already been paid to the victim,

or benefits that are so certain to be paid that they can be regarded as already having been paid – the Government cannot go as far as to deduct benefits that are expected to be paid in future:

i) Various insurance benefits under the Workers' Accident Compensation Insurance Act and the Welfare Pension Insurance Act (with respect to the first act, excluding special benefits paid as an incidental project), as well as various payments under the National Pension Act (excluding the lump sum payment on death).

   Only damage that is found to be of the same nature is deducted from the amount of the various kinds of lost earnings.

ii) Various compensation under the Government Employees' Accident Compensation Act and the Act on Disaster Compensation for Local Government Employees, as well as various long-term payments under the National Public Service Mutual Aid Association Act and the Local Public Service Mutual Aid Association Act.

   Only damage that is found to be of the same nature is deducted from the amount of the various kinds of lost earnings.

#3 Further, although the following are not subject to set-off, they should be deducted from the damage amounts listed respectively below:

iii) Assistance payments for lodging or rent paid to victims by local government entities.

   These are deducted from the amount of evacuation expenses.

iv) Unpaid wages that have been paid on behalf under the Act on Security of Wage Payment.

   These are deducted from the damage amounts related to incapacity to work.

v) Accident insurance benefits

   These are deducted from the complete loss of or reduction in value of property.

#4 On the other hand, at least the following should not be deducted from damage amounts:

vi) Life insurance benefits.

vii) Special benefits paid as an incidental project under the Workers' Accident Compensation Insurance Act.

viii) Lump sum payments on death under the National Pension Act.

ix) Unemployment benefits under the Employment Insurance Act.

x) Disaster condolence money and disaster disability *solatium* under the Act on Payments of Disaster Condolence Money (excluding the part with the purpose of supplementing the damage).

xi) Various donations.

#5 Note that where victims are eligible to demand damages from Tokyo Electric Power Company as well as various benefits, they are entitled to make any of these demands first.

2. Property damage suffered by local government entities, etc.

- Guideline

Damage to the property owned by local government entities or the national government ("local government entities etc.") and damage to businesses that local government entities, etc. conduct in the same capacity as private business operators are subject to compensation, so long as a sufficient causal relationship with the accident is recognised, under the standards applicable to business operators described in these Interim

Guidelines. Costs incurred by local government entities, etc. on behalf of tortfeasors for the purpose of assisting victims, etc. are also subject to compensation.

- Notes

#1 Among the damage suffered by local government entities, etc., with respect to damage for the lost or reduced value of property owned by local government entities, etc. and damage to businesses that local government entities, etc. conduct in the same capacity as private business operators (including water supply businesses, sewerage businesses, companies and for-profit businesses, etc. such as hospitals, etc. operated by local government entities, etc.), since there is no reason to treat this damage differently to the damage suffered by individuals or private businesses, the scope of the damage warranting compensation will be determined in light of the standards applicable to business operators described in these Interim Guidelines. In addition, where local government entities, etc. incurred costs on behalf of tortfeasors for the purpose of assisting victims, etc., such costs will also qualify for compensation in the same manner as described in Part 8 Note #3 above. Moreover, other types of damage suffered by local government entities, etc. may be recognised as damage warranting compensation, depending on specific individual circumstances.

#2 On the other hand, decreased tax revenues suffered by local government entities etc. as a result of the accident cannot be regarded the same as damage to the property owned by local government entities etc., or damage to businesses conducted by local government entities etc. in the same capacity as private business operators, since only the right to expect the tax revenue is compromised, and moreover, tax revenues are imbued with special characteristics of public law, in that taxes are levied and collected in accordance with the law. In addition, the right to collect taxes that local government entities etc. actually possess does not cease to exist as a result of the accident, and also given the fact that residents and business operators, etc., who are taxpayers, will, in principle, gain capacity to pay taxes when they receive damages for the accident, in the absence of special circumstances, decreased tax revenues cannot be recognised as warranting compensation.

Supplement to the Interim Guidelines on Determination of the Scope of Nuclear Damage resulting from the Accident at the Tokyo Electric Power Company Fukushima Daiichi and Daini Nuclear Power Plants (concerning Damages related to Voluntary Evacuation, etc.)

6 December 2011

Dispute Reconciliation Committee for Nuclear Damage Compensation

Part 1. Introduction

1. Situation concerning voluntary evacuation, etc.

In the "Interim Guidelines on Determination of the Scope of Nuclear Damage resulting from the Accident at the Tokyo Electric Power Company Fukushima Daiichi and Daini Nuclear Power Plants" ("Interim Guidelines") finalised and published on 5 August 2011, the Dispute Reconciliation Committee for Nuclear Damage Compensation ("Reconciliation Committee") indicated its thinking concerning the scope of damage related to government instructions to evacuate, etc. ("evacuation instructions, etc."), and stated that further consideration would be given to damage related to evacuation not carried out on the basis of evacuation instructions, etc. ("voluntary evacuation").

As a result of surveys and other considerations, including interviews with related parties, the Reconciliation Committee confirmed that there were a considerable number of people in areas surrounding the areas subject to evacuation instructions, etc. indicated in Part 3 of the Interim Guidelines (hereinafter "Areas subject to Evacuation Instructions, etc.") who had carried out voluntary evacuation.

The main scenarios leading to voluntary evacuation are considered to be as follows: (1) When the accident at the Tokyo Electric Power Company Fukushima Daiichi and Daini nuclear power plants (the "accident") initially occurred, amid a situation in which there was insufficient information about their own circumstances, people's choice to evacuate due to fear and unease about exposure to radiation from the discharge of a large quantity of radioactive material arising from hydrogen explosions and the like in the Tokyo Electric Power Company Fukushima Daiichi nuclear reactor building, in order to escape this risk; and (2) people's choice to evacuate some time after the occurrence of the accident due to fear and unease about exposure to radiation, in order to escape this risk, amid a situation in which information concerning air radiation levels and the impact of exposure to radiation, etc. in the living area was to some extent obtainable.

At the same time, most people living in the Affected Areas continued to stay in their existing homes without voluntarily evacuating, and we cannot ignore the aforementioned fear and unease that those who did not evacuate are likely to have continued experiencing (voluntary evacuation and the act of staying by people in the Affected Areas is collectively referred to hereinafter as "voluntary evacuation, etc.").

2. Basic approach

Based on the aforementioned circumstances of voluntary evacuation, etc., in the present Supplement to the Interim Guidelines ("Supplement to the Interim Guidelines"), damages related to voluntary evacuation, etc. are presented as damages other than damages related to evacuation instructions, etc. encompassed by the Interim Guidelines.

The presence of a sufficient causal relationship between the accident and damages associated with voluntary evacuation, etc. should ultimately be determined based on each individual case, but in the Supplement to the Interim Guidelines, a certain scope is presented in which compensation should be allowed, in order to promote the resolution of damage compensation disputes related to the accident.

Further, rather than immediately disallowing compensation for something not encompassed by the Supplement to the Interim Guidelines, it may be possible for damages to be recognised as having a sufficient causal relationship based on the individual, specific circumstances.

Part 2. Damages related to voluntary evacuation, etc.

Areas subject to voluntary evacuation, etc.

The municipalities in Fukushima prefecture listed below are areas that exclude areas subject to evacuation instructions, etc. ("Areas subject to Voluntary Evacuation, etc.").

- Northern prefectural area

Fukushima-shi, Nihonmatsu-shi, Date-shi, Motomiya-shi, Kori-machi, Kunimi-machi, Kawamata-machi, Otama-mura.

- Central prefectural area

Koriyama-shi, Sukagawa-shi, Tamura-shi, Kagamiishi-machi, Tenei-mura, Ishikawa-machi, Tamakawa-mura, Hirata-mura, Asakawa-machi, Furudono-machi, Miharu-machi, Ono-machi.

- Soso area

Soma-shi, Shinchi-machi.

- Iwaki area

Iwaki-shi.

- Notes

#1 As indicated in Section 1 of Part 1 (Introduction), two main scenarios may be considered to lead to voluntary evacuation after the accident, and under circumstances in which there was no stabilisation of the Tokyo Electric Power Company Fukushima Daiichi nuclear power plant, in both cases this kind of fear and unease is thought to have arisen through the compounding of factors including distance from the plant, proximity to Areas subject to Evacuation Instructions, etc., information about radiation levels published by the Government and local authorities, and the state of voluntary evacuation in the individual's own municipality (the number of people voluntarily evacuating, etc.). Taking the above factors as a whole, there were considerable grounds for residents to feel considerable fear and unease about exposure to radiation, at least in the Areas subject to Voluntary Evacuation, etc. in the Supplement to the Interim Guidelines, and in some respects voluntary evacuation to avoid this risk was inevitable.

#2 The circumstances of voluntary evacuation, etc. differ in individual cases, and the nature of damage is also thought to be varied, but the Supplement to the Interim Guidelines establishes a certain Area subject to Voluntary Evacuation, etc. and presents damage common to those people living in this area in order to fairly compensate the "eligible persons" stated below and provide relief as widely and quickly as possible.

#3 With regard also to areas outside the aforementioned Areas subject to Voluntary Evacuation, etc., compensation will be allowed for persons corresponding to the "eligible persons" stated below, and even in other cases, compensation may be allowable according to the individual, specific circumstances.

Eligible persons

A person who had their main home ("home") in an Area subject to Voluntary Evacuation, etc. when the accident occurred (regardless of whether they carried out voluntary evacuation from this home after the accident occurred, were outside an Area subject to Voluntary Evacuation, etc. when the accident occurred and continued to reside outside said area, or to reside in said home, etc.; hereinafter "person subject to voluntary evacuation, etc.").

Further, a person whose home was inside an Area subject to Evacuation Instructions, etc. when the accident occurred will also be eligible for compensation in the same way as a person subject to voluntary evacuation, etc., for the period of non-eligibility for mental anguish damage under "Types of damage" Section 6 in Part 3 of the Interim Guidelines, and for children and pregnant women, for the period of residing in an Area subject to Voluntary Evacuation, etc. after evacuating there (excluding the period when the accident initially occurred).

- Notes

#1 The right to claim compensation for damage arises at an individual level, and therefore compensation itself should also be paid to each individual.

#2 A person whose home was inside an Area subject to Evacuation Instructions, etc. when the accident occurred should also be eligible for compensation if they are deemed to have sustained similar damage to a person subject to voluntary evacuation, etc. In this case, the person should be eligible for compensation based on the Supplement to the Interim Guidelines provided that there is no overlap with compensation based on the Interim Guidelines, and therefore the period during which they are not eligible for mental anguish damage under "Types of damage" Section 6 in Part 3 of the Interim Guidelines is applicable (for example, following designation of an Evacuation-Prepared Area in Case of Emergency on 22 April 2011, the period in which the person stayed in said area without evacuating, or the period after returning home after the designation of said area was lifted). Meanwhile, a person living in an Area subject to Evacuation Instructions, etc. who evacuated to an Area subject to Voluntary Evacuation, etc. as a result of the accident and continued to reside in this Area for a long period would be eligible for compensation for mental anguish with regard to this period, in accordance with the Interim Guidelines. However, this is mental anguish damage arising from having, of necessity, to live as an Evacuee for a long period, which in some respects differs qualitatively from mental anguish damage experienced as a person who continues to reside in their home for a long period in an Area subject to Voluntary Evacuation, etc. (hereinafter "resident(s)"), and therefore should also be encompassed by the Supplement to the Interim Guidelines (specifically, this corresponds to children and pregnant women who evacuated to and resided in an Area subject to Voluntary Evacuation, etc. (see below Guideline III and Note #3 under "Types of damage").

#3 Persons other than the above "eligible persons" may also be eligible for compensation according to the individual, specific circumstances.

Types of damage

- Guidelines

I) Among the damage sustained by persons subject to voluntary evacuation, etc., the following are allowable as damages to be compensated within a certain scope.

(1) When the person has voluntarily evacuated from their home located inside an Area subject to Voluntary Evacuation, etc. due to fear and unease about exposure to radiation (including when the person was outside the Area subject to Voluntary Evacuation, etc. when the accident occurred and continued to reside outside that area; likewise hereinafter), the following:

i) The increased cost of living expenses arising from voluntary evacuation.

ii) Mental anguish arising from being substantially hindered from leading a normal life due to voluntary evacuation.

iii) Removal expenses required for evacuation and homecoming.

(2) When continuing to reside inside an Area subject to Voluntary Evacuation, etc. while experiencing fear and unease about exposure to radiation, the following:

i) Mental anguish arising from being substantially hindered from leading a normal life due to fear and unease about exposure to radiation and the restriction on freedom of movement, etc. associated with this.

ii) If there is an increase in the cost of living expenses due to fear and unease about exposure to radiation and the restriction on freedom of movement, etc. associated with this, the increased cost.

II) Regarding the amount of damages under I) (1) i) through iii) and (2) i) and ii), in both cases it is deemed to be fair and reasonable to calculate said amount by totalling these damages.

III) When calculating the specific amount of damages under II), the guideline figure is 1) JPY 400 000 per person with regard to children and pregnant women among the persons subject to voluntary evacuation, etc., for the period from the occurrence of the accident until 31 December 2011, and 2) JPY 80 000 per person for other persons subject to voluntary evacuation, etc., for damages at the initial time of occurrence of the accident.

IV) Regarding a person whose home was inside an Area subject to Evacuation Instructions, etc. when the accident occurred, the damage to be compensated is based on the case of a person subject to voluntary evacuation, etc., and the calculation of the specific amount of damages is as follows:

1. For the period of non-eligibility for mental anguish damages under "Types of damage" Section 6 in Part 3 of the Interim Guidelines, an amount taking into account that the amount specified in III) is a guideline amount according to the applicable periods specified under III) 1) and 2).

2. With regard to the period during which children and pregnant women evacuated to and stayed in an Area subject to Voluntary Evacuation, etc., an amount according to the period during which such persons were eligible under the Supplement to the Interim Guidelines, using a guideline figure of JPY 200 000 damages per person from the occurrence of the accident until 31 December 2011.

- Notes

#1 A person who has voluntarily evacuated from their home in an Area subject to Voluntary Evacuation, etc. due to the accident primarily incurs an increase in living expenses due to living away from their home and removal expenses necessitated for evacuation and returning home, as well as a certain level of mental anguish arising from

this evacuation lifestyle, and therefore it is possible to conceive that at least this damage should be compensated. Further, residents inevitably experience mental anguish primarily due to fear and unease about exposure to radiation and the associated restriction on freedom of movement, etc., as well as an increase in living expenses, in some cases, due to this unease, etc., and therefore it is possible to conceive that at least this damage should be compensated.

#2 Regarding the amount of damage to be compensated, voluntary evacuation differs from evacuation due to evacuation instructions, etc., and therefore it is not necessarily fair and reasonable to treat the damage associated with this in the same way as the case of evacuation instructions, etc.

At the same time, although it cannot be denied that there is a difference between voluntary evacuees and residents in terms of the nature and extent of the mental anguish actually experienced and the nature and amount of the expenses actually incurred, arguably it is not fair or reasonable to establish a difference in monetary amount depending on whether someone is a voluntary evacuee or a resident, in consideration of factors including the following: both cases arose due to fear and unease about exposure to radiation associated with staying at home in an Area subject to Voluntary Evacuation, etc.; whereas the mental anguish, etc. associated with said staying is relieved through voluntary evacuation, there is a correlation between the two in that there is an increase in living expenses, etc. associated with the new evacuation lifestyle; among those people in Areas subject to Voluntary Evacuation, etc., there are also likely to be people who, of necessity, have had to stay there, for various reasons; and with regard to the large number of persons subject to voluntary evacuation, etc. residing over a wide area, it is in practice extremely difficult to distinguish between voluntary evacuees and residents, and to certify the presence and duration of voluntary evacuation, etc. on an individual basis, and there is concern that this could hinder prompt relief.

In the light of these circumstances, it is deemed appropriate to calculate a fixed sum combining mental anguish damages and the increased cost of living expenses, etc., and to set the same amount of damages for voluntary evacuees and residents.

#3 Regarding the relationship to the attributes of a person subject to voluntary evacuation, etc., a certain rationality can be recognised, regardless of age or other factors, in experiencing fear and unease about exposure to radiation due to the discharge of a large quantity of radioactive material, particularly when the accident initially occurred. Subsequently too, the likelihood of extreme sensitivity to radiation is generally recognised, at least in the case of children and pregnant women, and therefore although relatively low level, a certain rationality can be recognised with regard to experiencing fear and unease about exposure to a dosage of radiation that is considerably higher than normal, also when considering the circumstances of voluntary evacuation inferred from population relocation.

For this reason, it is deemed appropriate to calculate the periods of eligibility for compensation as the period from the occurrence of the accident until 31 December 2011 in the case of children and pregnant women among the persons subject to voluntary evacuation, etc., and the initial time of occurrence of the accident for other persons subject to voluntary evacuation, etc. Moreover, with regard to the period from January 2012, consideration will be given in future to the scope of compensation, etc., as necessary.

#4 When calculating the amount of damages for the period under Note #3, a certain level of damages has been taken into consideration with regard to mental anguish and the increased cost of living expenses, including a portion for accompanying persons and care givers in the case of children and pregnant women, with reference to court precedent, etc. concerning payment for mental anguish unaccompanied by damage to life and limb.

#5 Among persons whose home was inside an Area subject to Evacuation Instructions, etc. when the accident occurred, when calculating the amount of damages for the period in which children and pregnant women evacuated to and stayed in an Area subject to

Voluntary Evacuation, etc., these persons are already eligible for compensation for mental anguish damages during the evacuation period under Section 6 in Part 3 of the Interim Guidelines, and therefore the partial overlap of these respective damages has been taken into consideration.

#6 Regarding Guidelines I) through IV), other types of damage may also be eligible for compensation and different amounts of compensation may be calculated according to the individual, specific circumstances.

Outline of Second Supplement to Interim Guidelines on Determination of the Scope of Nuclear Damage resulting from the Accident at the Tokyo Electric Power Company Fukushima Daiichi and Daini Nuclear Power Plants (concerning Damages related to Review of Evacuation Areas by Government Instructions, etc.)

16 March 2012

Dispute Reconciliation Committee for Nuclear Damage Compensation

We indicate our thinking, to the extent currently possible, concerning damages related to government instructions to evacuate, etc. and damages related to voluntary evacuation, etc. encompassed by the Interim Guidelines and the First Supplement, in relation to matters that were stated as being for future consideration, also based on the review of Evacuation Areas, etc.

1. Evacuation expenses and damages for mental anguish after the review of Evacuation Areas (Interim Guidelines are extended until the review of the areas)

(1) Establish no differences between persons continuing to evacuate and persons seeking to relocate.

(2) As a general rule, evacuation expenses continue to be the expenses actually incurred to a necessary and reasonable extent.

(3) The guideline figures for damages for mental anguish are as follows:

(i) Area preparing for lifting of evacuation instructions = JPY 100 000 per person per month.

(ii) Area subject to living restrictions = JPY 100 000 per person per month, JPY 2.4 million being also possible as lump sum for 2 years' damages.

(iii) Area in which homecoming is difficult = lump sum of JPY 6 million per person.[1]

(4) The period of eligibility for compensation after the lifting of evacuation instructions should be determined based on future circumstances, compensation being provided uniformly regardless of when individual Evacuees returned home during that period.

2. Evacuation expenses and damages for mental anguish for former Evacuation-Prepared Areas in Case of Emergency

(1) The amount of damages from one year after the accident is JPY 100 000 per person per month.

(2) The guideline period of eligibility for compensation is until the end of August this year (decided flexibly according to the individual, specific circumstances such as the

1. A higher amount may be allowable according to the individual, specific circumstances, such as when evacuation is prolonged.

healthcare/welfare system and school situation), with compensation being provided uniformly regardless of when a person returned home from one year after the accident.

(3) Persons who have already returned home or continue to stay shall be eligible for compensation according to the individual, specific circumstances.

3. Evacuation expenses and damages for mental anguish for Evacuation Recommendation Spots

(1) The amount of damages after one year is JPY 100 000 per person per month.

(2) The guideline period of eligibility for compensation is provisionally a three-month period after the lifting of evacuation instructions, with compensation being provided uniformly regardless of when individual Evacuees returned home during that period.

4. Loss or reduction, etc., of the value of real estate

In the Interim Guidelines, it is stated, "for property, the real loss of or reduction in the value and related necessary and reasonable additional expenses (including repair and decontamination expenses) are allowable as damage to be compensated."

(1) For real estate in an "area in which homecoming is difficult", the reduction in value is presumed to be 100% (total loss).

(2) For real estate in an "area subject to living restrictions" and an "area preparing for lifting of evacuation instructions", it is presumed that there has been some reduction in value, taking into consideration the period until the lifting of evacuation instructions, etc.

(3) Assess rationally, taking into consideration the re-acquisition price of property for dwelling use, etc.

5. Business damages and damages due to incapacity to work

In the Interim Guidelines, it is stated, "the termination point is the date on which, essentially, it becomes possible to engage in the same or equivalent business or employment activity to that which was engaged in before, taking into consideration that there is the possibility for relocation or change of occupation, change of career or temporary employment, etc." It is further stated, "As a general rule, the reduction in income such as pay is an amount calculated by deducting the pay, etc. after the onset of incapacity, etc. from the pay, etc. prior to incapacity, etc."

(1) The termination point is not indicated for the time being, and a decision should be taken rationally based on the individual, specific circumstances.

(2) If change of occupation/career or temporary business operation/employment is recognised as special efforts, a rational and flexible approach is required, such as not deducting from the amount of damages the income derived therefrom.

6. Damage related to Voluntary Evacuation, etc.

In the First Supplement to the Interim Guidelines, concerning damage related to voluntary evacuation, etc. until the end of December 2011, uniform damages are allowed for all residents in the Affected Areas, based on municipality units.

From January 2012, decisions are made for individual cases or types with regard to children and pregnant women, without establishing areas (based on the criterion of reasonableness for an average, ordinary person).

7. Damages related to decontamination, etc.

(1) Notwithstanding the operation of the Act on Special Measures concerning the Handling of Environmental Pollution by Radioactive Materials, expenses that are inevitably incurred in connection with carrying out necessary and reasonable

decontamination, etc. are eligible for compensation, including damage to property/business.

(2) Expenses related to necessary and reasonable testing, etc. carried out by local authorities and educational institutions in order to allay residents' unease, etc. about exposure to radiation are eligible for compensation.

8. The response of TEPCO

A rational and flexible approach is required, also with regard to damages that are not clearly stated in the Guidelines, such as allowing compensation for all damages or a certain range of damages in individual cases or types, according to the nature of the damage, based on the general intent of the Guidelines.

Second Supplement to Interim Guidelines on Determination of the Scope of Nuclear Damage resulting from the Accident at the Tokyo Electric Power Company Fukushima Daiichi and Daini Nuclear Power Plants (concerning Damages related to Review of Evacuation Areas by Government Instructions, etc.)

16 March 2012

Dispute Reconciliation Committee for Nuclear Damage Compensation

Part 1. Introduction

Status of Review, etc. of Evacuation Areas, etc.

In the Interim Guidelines on Determination of the Scope of Nuclear Damage resulting from the Accident at the Tokyo Electric Power Company Fukushima Daiichi and Daini Nuclear Power Plants ("Interim Guidelines") finalised and published on 5 August 2011, the Dispute Reconciliation Committee for Nuclear Damage Compensation ("Reconciliation Committee") indicated its thinking concerning the scope of damages related to government instructions to evacuate, etc. and stated that as circumstances changed, including a review, etc. of the Evacuation Areas, etc. further consideration would be given, as necessary, to the matters to be specified in the Guidelines.

Subsequently, on 30 September of the same year, the Government (Nuclear Emergency Response Headquarters) lifted the Evacuation-Prepared Area in Case of Emergency designation, and gave instructions and public notice in this regard. Further, based on the "Basic Approach concerning Review of Restricted Areas and Areas Subject to Evacuation Instructions following stage 2 Completion, and Future Issues for Consideration" formulated on 26 December of the same year, the Government (the said Headquarters) reviewed the currently established Areas subject to Evacuation Instructions, and planned to establish new Areas subject to Evacuation Instructions, with the end of March 2012 as target.

Meanwhile, concerning so-called voluntary evacuation, etc., the Reconciliation Committee indicated its approach to the scope of damages in the Supplement to the Interim Guidelines on Determination of the Scope of Nuclear Damage resulting from the Accident at the Tokyo Electric Power Company Fukushima Daiichi and Daini Nuclear Power Plants (concerning Damages related to Voluntary Evacuation, etc.) finalised and published on 6 December 2011 ("First Supplement").

Basic approach

Based on the aforementioned review, etc. of the Evacuation Areas, etc., in the present supplement to the Interim Guidelines ("Second Supplement"), we indicate our thinking, to the extent currently possible, concerning the scope of damage related to government instructions to evacuate, etc. and the scope of damage related to voluntary evacuation, etc. encompassed by the Interim Guidelines and First Supplement, in relation to matters that were stated as being for future consideration, etc.

The existence of a sufficient causal relationship between the accidents at the Tokyo Electric Power Company Fukushima Daiichi and Daini nuclear power plants (the "accident") and their respective damages should ultimately be determined on a case-by-case basis, but the Second Supplement indicates a certain scope within which compensation should be allowed, in order to promote the resolution of disputes concerning the compensation of damage resulting from the accident.

Further, rather than immediately disallowing compensation for something not encompassed by the Interim Guidelines, the First Supplement and the Second Supplement, it may be possible for damage to be recognised as having a sufficient causal relationship based on the individual, specific circumstances. In this respect, a rational and flexible approach is required of TEPCO, also with regard to damages that are not clearly stated in these Guidelines, such as allowing compensation for all damage or a certain range of damage in individual cases or types, according to the nature of the damage, based on the general intent of these Guidelines.

Part 2. Damages related to government instructions to evacuate, etc.

Evacuation expenses and damage for mental anguish

In addition to what was indicated in the Interim Guidelines, Section 2 (Evacuation expenses) and Section 6 (Damage for mental anguish) under the Types of Damage in Part 3 of the Interim Guidelines are as follows.

1. Areas subject to Evacuation Instructions

Among the Affected Areas under Part 3 of the Interim Guidelines, with regard to i) area within a 20-km radius from the Tokyo Electric Power Company Fukushima Daiichi nuclear power plant (established on 22 April 2011 as Restricted Area to which entry is prohibited) and (4) Evacuation-Prepared Area in Case of Emergency under Section 1 (Affected Areas), the following new Areas subject to Evacuation Instructions are established (the descriptions in brackets under i) to iii) below represent the basic thinking for each area) (hereinafter "review of Areas subject to Evacuation Instructions"), with the end of March 2012 as target:

i) Area preparing for lifting of evacuation instructions (area in which it has been definitively confirmed that annual accumulated exposure dose is 20 mSv or less).

ii) Area subject to living restrictions (area in which annual accumulated exposure dose could exceed 20 mSv, where continued evacuation is required in order to reduce the level of radiation dose of residents).

iii) Area in which homecoming is difficult (an area currently with annual accumulated exposure dose exceeding 50 mSv, where it is feared that annual accumulated radiation may not fall below 20 mSv even over a long period, specifically after five years).

Based on this, the evacuation expenses and damage for mental anguish for persons who, at the time of the accident, had their main home ("home") in an area established as one of these Areas subject to Evacuation Instructions ("Area subject to Evacuation Instructions") are as follows:

- Guidelines

I) Concerning a person who had their home in an Area subject to Evacuation Instructions, Sections 2 and 6, under Types of Damage in Part 3 of the Interim Guidelines are extended to the moment of review of Areas subject to Evacuation Instructions, and the period from this point until termination is Stage 3.

II) As a general rule, the evacuation expenses and damage for mental anguish to be compensated in Stage 3 defined under Guideline I), and the calculation methods for their damage amounts, continue to be as indicated in Sections 2 and 6 under the Types of Damage in Part 3 of the Interim Guidelines. However, it should be noted that for accommodation expenses, etc. (Guideline I) item (2) "accommodation expenses, etc." under Section 2 (Evacuation expenses) under the Types of Damage in Part 3 of the Interim Guidelines; likewise hereinafter), there are limits to the amounts and periods eligible for compensation.

III) When calculating the specific amount of damages for mental anguish in Stage 3 defined under Guideline I) (including among evacuation expenses, an increase in living expenses within the normal range), the following applies, according to the area in which the Evacuees had their home.

i) Concerning an area established as an area preparing for lifting of evacuation instructions along with the review of Areas subject to Evacuation Instructions, the guideline figure is JPY 100 000 per person per month.

ii) Concerning an area established as an area subject to living restrictions along with the review of Areas subject to Evacuation Instructions, the guideline figure is JPY 100 000 per person per month, and a person may claim JPY 2.4 million as a lump sum for roughly two years' damages. However, if the period up to the lifting of the evacuation instructions is extended, an amount will be added according to the period eligible for compensation.

iii) Concerning an area established as an area in which homecoming is difficult along with the review of Areas subject to Evacuation Instructions, the guideline figure is JPY 6 million per person.

IV) Concerning "considerable period" in "after the elapse of a considerable period from the lifting, etc. of evacuation instructions, etc.", which the Interim Guidelines state is not eligible for compensation, except where special circumstances exist with regard to evacuation expenses and damage for mental anguish, a decision should be taken based on future circumstances with respect to Areas subject to Evacuation Instructions.

- Notes

#1 With regard to Guideline I) above, in Section 6 under the Types of Damage in Part 3 of the Interim Guidelines, Stage 2 – which is the calculation period for the specific amount of damage for mental anguish – is the "six-month period from the end of Stage 1 (six-month period from the occurrence of the accident)", and it was stated that "this Stage will be reviewed as necessary, where for example a Restricted Area, etc. is reassessed". Therefore, with regard to Areas subject to Evacuation Instructions, the period until the moment of said review is Stage 2, along with the review of Areas subject to Evacuation Instructions, and a new period, Stage 3, is the period from this point until termination.

#2 With regard to Guideline II) above, under the Types of Damage in Part 3 of the Interim Guidelines, "(1) Transport expenses and removal expenses for household belongings incurred in order to evacuate from an Affected Area", "(2) Accommodation expenses incurred as a result of residing temporarily, of necessity, outside an Affected Area and expenses incurred incidentally to that accommodation" and "(3) If an Evacuee's living expenses increase as a result of evacuation, etc., the portion representing the increase" is recognised as evacuation expenses that should be compensated, to a necessary and reasonable extent. Further, in Section 6 under the Types of Damage in Part 3 of the Interim Guidelines, among the damage for mental anguish sustained by a person subject to evacuation, etc., at the very least "mental anguish arising from being substantially hindered from leading a normal life over a long period due to having, of necessity, to live away from their home" and "psychological anguish from being in a state of ungoing uncertainty from not knowing when they will be able to return home" are allowed as

damage to be compensated. In this case, reasonable calculation methods are as follows: for (1) and (2) above, the actual costs incurred constitute the amount of damages; and for (3) above, as a general rule the amount of damages is a fixed sum calculated by adding the amount of the aforementioned damage for mental anguish to the increase in living expenses.

#3 With regard to Guideline II), accommodation expenses, etc. are compensated to a necessary and reasonable extent, and for example for persons whose former home was a rental house, provisionally the amount of the compensation could conceivably be the full amount of the accommodation expenses, etc. or the increase in rent if the person was obliged to pay an increase over the previous rent after the elapse of a certain period of time. Further, as a general rule the period in which accommodation expenses, etc. are eligible for compensation is a considerable period of time after the lifting of evacuation instructions. For example, if a person's former dwelling was a home which they owned and the real estate value of the home suffered a total loss, as a guide the period of eligibility could conceivably last until it became possible for them to receive compensation for the full amount of the loss.

#4 With regard to Guideline II), in the case of a person whose home was in an area in which homecoming is difficult, etc., who gives up returning home and seeks to relocate, the associated removal expenses, increase in living expenses, etc., are allowable as damage to be compensated on the basis of evacuation expenses and homecoming expenses under Sections 2 and 4 under the Types of Damage in Part 3 of the Interim Guidelines. In addition, in an area in which homecoming is difficult, mental anguish arising from a person having, of necessity, to abandon the home and region with which they have become familiar over many years is recognised, and even in other Areas subject to Evacuation Instructions, damage for mental anguish is allowed based on the mental anguish indicated under Section 6 under the Types of Damage in Part 3 of the Interim Guidelines. Further, it is appropriate that no differences should be established in the damage amounts and payment methods, etc. between persons continuing to evacuate and persons seeking to relocate.

#5 With regard to Guideline III), in calculating the specific amount of damages, an increase in “psychological anguish from being in a state of ungoing uncertainty from not knowing when they will be able to return home”, etc. associated with prolonged evacuation has been taken into consideration. In this case, for an area preparing for lifting of evacuation instructions, the lifting of evacuation instructions is anticipated in the relatively near future, and therefore calculation is made on a monthly basis, as before. On the other hand, in an area in which homecoming is difficult, a situation in which it is not possible to return home is expected to continue for at least the next five years, and therefore a uniform calculation has been made regardless of the period until the evacuation instructions are actually lifted, as lump sum damages resulting from not being able to return home for a long period. This is only a guideline amount, and a higher amount may be allowable according to the individual, specific circumstances, such as when the period of not being able to return home is prolonged. Further, in an area subject to living restrictions, although the specific time-scale until the lifting of evacuation instructions is unclear at the present time, essentially calculation is made on a monthly basis, based on the assumption that the lifting of instructions will be prolonged to some extent, and for the moment it is appropriate for a lump sum payment to be received envisaging damages for a fixed period, in order to provide relief for the victims. Moreover, if the time-scale until the lifting of evacuation instructions is prolonged, the amount of damages in said area would increase in proportion to the period eligible for compensation, in which case the approximate guideline figure could conceivably be the amount of damages for an area in which homecoming is difficult, at the most.

#6 With regard to Guideline IV), since at the present time no Area subject to Evacuation Instructions has actually seen the lifting of evacuation instructions, it is currently difficult to indicate a specific considerable period, at least at the present time.

#7 With regard to "where special circumstances exist" after the elapse of a considerable period of time under Guideline IV), a flexible approach is appropriate according to the individual, specific circumstances, for example taking into consideration the healthcare/welfare system in an area following the lifting of instructions in relation to a person requiring certain medical treatment/nursing care, etc., or for a child the circumstances at the school they will attend. Further, in order to compensate a large number of Evacuees promptly and fairly, as a general rule it is reasonable to calculate an amount of damages taking as a uniform termination point the moment at which said period elapsed, even if a person returned home before the elapse of a considerable period after the lifting of evacuation instructions, and regardless of the point at which individual Evacuees actually returned.

2. Former Evacuation-Prepared Areas in Case of Emergency

Among the Affected Areas in Part 3 of the Interim Guidelines, with regard to Section 4 (Evacuation-Prepared Area in Case of Emergency), based on the lifting of such Areas on 30 September 2011, the evacuation expenses and damage for mental anguish for a person whose home was inside such an area (hereinafter "former Evacuation-Prepared Area in Case of Emergency") are as follows:

- Guidelines

I) The evacuation expenses and damage for mental anguish to be compensated in Stage 3 under the Interim Guidelines, and the calculation methods for their damage amounts, continue to be as indicated in Sections 2 and 6 under the Types of Damage in Part 3 of the Interim Guidelines.

II) When calculating the specific amount of damage for mental anguish in Stage 3 under the Interim Guidelines (including among evacuation expenses, an increase in living expenses within the normal range), the guideline figure is JPY 100 000 per person per month.

III) Concerning "considerable period" in "after the elapse of a considerable period from the lifting, etc. of evacuation instructions, etc.", which the Interim Guidelines state is not eligible for compensation, except where special circumstances exist with regard to evacuation expenses and damage for mental anguish, for former Evacuation-Prepared Areas in Case of Emergency the guideline period is to the end of August 2012. However, with regard to the area of Naraha town within such area, for the Area subject to Evacuation Instructions in this town the period lasts until the elapse of a "considerable period" after the lifting of instructions (Guideline IV) under Section 1 above).

- Notes

#1 With regard to Guideline I), Stage 2 for a former Evacuation-Prepared Area in Case of Emergency is the six-month period from the end of Stage 1 (the six-month period from the occurrence of the accident), as indicated in Section 6 of Types of Damage in Part 3 of the Interim Guidelines, and Stage 3 is the period lasting from 11 March 2012 until termination.

#2 With regard to II), a calculation has been made based on the case of an Area subject to Evacuation Instructions.

#3 With regard to III), the following matters, among others, have been taken into consideration: (i) restoration of the infrastructure in this area is expected to be largely completed by the end of March 2012; (ii) although it will take some additional time to establish a living environment, the related municipalities expect to establish an environment for school attendance by September 2012, before the start of the second term of the fiscal 2012 academic year; (iii) a certain period will be required to prepare for Evacuees to return to their former homes. However, at the present time this is only a guideline indication, premised on these circumstances, and in the event of a future change

in these circumstances, it would be appropriate to make decisions flexibly, taking into consideration the actual conditions. With regard to "where special circumstances exist" after the elapse of a considerable period of time, the approach is the same as described under Note #7 in Section 1 above.

#4 With regard to Naraha town, the fact that there are special circumstances has been taken into consideration, for example almost the entire area of the town is subject to evacuation instructions.

#5 With regard to Guideline III), in Stage 3 as a general rule it is reasonable to calculate an amount of damages taking as a uniform termination point the moment at which said period elapsed, even if a person returned home before the elapse of a considerable period after the lifting of evacuation instructions, and regardless of the point at which individual Evacuees actually returned, in the same manner as with Areas subject to Evacuation Instructions. In the event that a person returned home in Stage 1 or Stage 2, or continued to reside in this area from the moment the accident occurred, without evacuating, they may be eligible for compensation according to the individual, specific circumstances.

3. Evacuation Recommendation Spots

Among the Affected Areas in Part 3 of the Interim Guidelines, with regard to Section 5 (Evacuation Recommendation Spots), given that investigation is underway with a view to lifting such areas, the evacuation expenses and damage for mental anguish for persons whose home was in such a site are as follows:

- Guidelines

I) The evacuation expenses and damage for mental anguish to be compensated in Stage 3 under the Interim Guidelines, and the calculation methods for their damage amounts, continue to be as indicated in Sections 2 and 6 under the Types of Damage in Part 3 of the Interim Guidelines.

II) When calculating the specific amount of damage for mental anguish in Stage 3 under the Interim Guidelines (including among evacuation expenses, an increase in living expenses within the normal range), the guideline figure is JPY 100 000 per person per month.

III) Concerning "considerable period" in "after the elapse of a considerable period from the lifting, etc. of evacuation instructions, etc.", which the Interim Guidelines state is not eligible for compensation, except where special circumstances exist with regard to evacuation expenses and damage for mental anguish, for Evacuation Recommendation Spots the provisional guideline period is three months.

- Notes

#1 With regard to Guideline I), Stage 2 for Evacuation Recommendation Spots is the six-month period from the end of Stage 1 (the six-month period from the occurrence of the accident), as indicated in Section 6 under the Types of Damage in Part 3 of the Interim Guidelines, and Stage 3 is the period lasting from 11 March 2012 until termination.

#2 With regard to Guideline II), a calculation has been made based on the case of an Area subject to Evacuation Instructions.

#3 With regard to Guideline III), the following factors, among others, have been taken into consideration: (i) sufficient discussion is due to be carried out with local authorities before lifting an Evacuation Recommendation Spot; (ii) such sites are established on a dwelling unit basis, and as they encompass relatively narrow areas, public facilities, etc. are not obstructed over a wide area; (iii) a certain period will be required to prepare for Evacuees to return to their former homes. However, since at the present time no site has actually been lifted, this is indicated only as a provisional guide. With regard to "where special

circumstances exist" after the elapse of a considerable period of time, the approach is the same as described under Note #7 in Section 1 above.

#4 With regard to Guideline III), the same as described in Note #5 under Section 2 above applies if in Stage 3 under the Interim Guidelines a person returns to their home in an Evacuation Recommendation Spot before the elapse of a considerable period after the lifting of the specific site, if they return in Stage 1 or Stage 2, or if they have continued to reside in this site from the moment the accident occurred, without evacuating.

Business damage

In addition to what was indicated in the Interim Guidelines, Section 7 (Business damage), under the Types of Damage in Part 3 of the Interim Guidelines is as follows:

- Guidelines

I) Regarding the termination point for Section 7: Business damages under Types of Damage in Part 3 of the Interim Guidelines, nothing is indicated for the time being, and a decision should be taken rationally based on the individual, specific circumstances.

II) If special efforts are recognised on the part of a business operator who has suffered business damage, such as change of occupation/career or temporary business operation/employment, a rational and flexible approach is required, such as not deducting from the amount of damages the profits or pay gained as a result of these efforts.

- Notes

#1 The termination point for business damage under Guideline I) is not indicated for the time being. Indeed at the present time at least, it is difficult to indicate specific, uniform guidance in view of the special characteristics of the accident, which caused damage that was sudden and extended over a wide area, and in view of the diversity of business operators that sustained business damage, etc., it is appropriate for a decision to be taken rationally based on the individual, specific circumstances. Further, the termination point for business damage is determined solely based on Guideline I), and it does not arrive independently thereof as a result of the lifting of evacuation instructions, etc., the elapse of a considerable period after such lifting, or the return to an Area subject to Evacuation Instructions, etc.

#2 When determining the specific termination point, the following factors, among others, are taken into consideration: (i) it is reasonable to specify the termination point as the date on which, essentially, it becomes possible for the victim to engage in the same or equivalent business activity to that which they were engaged in before; (ii) on the other hand, the victim is also expected to take measures to avoid or mitigate the damage from the accident, as far as possible, and generally there is thought to be the possibility for relocation of the business site or change of occupation, etc. In addition, reference could be made to the loss indemnification criteria, etc. associated with the acquisition of public land, for example, in which case it should be noted that there are special characteristics that differ from the appropriation of land, etc., given that the accident involved damage that was sudden and extended over a wide area, and there are cases in which an Evacuee returns home after the lifting of evacuation instructions, etc.

#3 With regard to Guideline II), in the case of a business operator who has sustained business damage, if there are profits or pay, etc. that were obtained as a result of business operation/employment after the accident (including change of occupation/career or temporary business operation/employment), as a general rule this is deducted from the amount of business damages, but only where such business operation/employment would have been directed at the former business activity had the accident not occurred. However, given the special characteristics of the accident, namely that damage was inflicted on the lives and business activities, etc. of a large number of people, suddenly and over a wide

area, in some cases it could be more difficult than usual for the victims to engage in business/employment. Moreover, when a uniform deduction is made across the board for the profits, pay, etc. obtained from such business operation/employment, there is no decrease in the monetary amount of damages of a person who does not engage in such kind of business operation/employment, whereas the amount of compensated damage actually reduces the more a person carries on such business operation/employment. For this reason, a "rational and flexible approach" is needed with regard to such profits, pay, etc., such as not making a deduction from the monetary amount of damages within a fixed period or monetary amount on the basis of "special efforts".

Damages arising from incapacity to work

In addition to what was indicated in the Interim Guidelines, Section 8 (Damages arising from incapacity to work) under the Types of Damage in Part 3 of the Interim Guidelines is as follows:

- Guidelines

I) Regarding the termination point for Section 8 (Damages arising from incapacity to work) under the Types of Damage in Part 3 of the Interim Guidelines, nothing is indicated for the time being, and a decision should be taken rationally based on the individual, specific circumstances.

II) If special efforts are recognised on the part of a worker who has suffered damages arising from incapacity to work, such as change of career or temporary employment, a rational and flexible approach is required, such as not deducting from the monetary amount of damages the pay, etc. gained as a result of these efforts.

- Notes

#1 The approach to the termination point for damages arising from incapacity to work under Guideline I) is essentially the same as under Notes #1 and #2 in Section 2 above. However, also taken into consideration is the fact that generally this termination point could arrive sooner than the termination point for business damages.

#2 With regard to Guideline II), the approach to "rational and flexible approach" associated with "special efforts" is essentially the same as under Note #3 above.

Loss or reduction, etc. of property value

In addition to what was indicated in the Interim Guidelines, Section 10 (Loss or reduction, etc. of property value) under the Types of Damage in Part 3 of the Interim Guidelines is as follows.

- Guidelines

I) Concerning the property value of real estate in an area in which homecoming is difficult, it can be presumed that taking the value immediately prior to occurrence of the accident as the basis, there has been a 100% reduction in value as a result of the accident (total loss).

II) Concerning the property value of real estate in an area subject to living restrictions and an area preparing for lifting of evacuation instructions, it can be presumed that taking the value immediately prior to occurrence of the accident as the basis, there has been some reduction in value as a result of the accident, taking into consideration the period until the lifting of evacuation instructions, etc.

- Notes

#1 With regard to Guideline I), concerning the loss of or reduction in property value, etc., under Section 10 under the Types of Damage in Part 3 of the Interim Guidelines "the real loss of or reduction in the value" is allowed as damage to be compensated, but with regard particularly to real estate in an area in which homecoming is difficult, special circumstances exist, such as restricted access to the area and inability to use the property for a long period of at least five years, so for the time being it is possible to conceive that the market value has been lost. For this reason, it can be presumed that taking the value immediately prior to occurrence of the accident as the basis, there has been a 100% reduction in value as a result of the accident (total loss), and therefore the full amount of the value immediately prior to occurrence of the accident should be compensated, in order to provide prompt relief for the victims.

#2 Concerning Guideline II), with regard also to the property value of real estate in an area subject to living restrictions and an area preparing for lifting of evacuation instructions, the reduction in property value can be eligible for compensation on the basis that it cannot be used for a certain period, based on objective inference of the reduction in value, in accordance with the criteria for real estate in an area in which homecoming is difficult.

#3 "The value immediately prior to occurrence of the accident" should be assessed rationally according to the individual, specific circumstances, for example in the case of a building for dwelling use, setting a price at which an equivalent building can be acquired.

#4 If following compensation, there is a recovery in value as a result of decontamination, repair, etc., the costs thereof being assumed by Tokyo Electric Power Company ("TEPCO"), conceivably that portion of the value which has been recovered may be settled through the agreement of the parties.

#5 As indicated in Section 4 under Part 2 of the Interim Guidelines, damage resulting from earthquake and tsunami is not eligible for compensation, but since in some cases it is difficult to ascertain whether the damage was caused by the accident or by earthquake/tsunami, it may be possible to infer whether the damage corresponds to "nuclear damage" and infer the monetary amount of the damages, within reasonable limits, and a rational and flexible approach is also required of TEPCO.

Part 3. Damages related to voluntary evacuation, etc.

With regard to damages related to voluntary evacuation, etc. indicated in the First Supplement, from January 2012 the following applies.

- Guidelines

I) At the very least for children and pregnant women, there is eligibility for compensation where it is recognised to be reasonable for an average, ordinary person to have considerable fear and unease about exposure to radiation and seek to evacuate voluntarily in order to avoid this risk, taking into consideration objective data concerning radiation levels, proximity to Areas subject to Evacuation Instructions, etc. for individual cases or types.

II) In the case of eligibility for compensation under Guideline I), the damage to be compensated and the calculation method for such damage is, as a general rule, as indicated under the Types of Damage in Part 2 of the First Supplement. The specific monetary amount of the damages should be calculated rationally in line with the general intent of the First Supplement and according to the nature of the damage.

- Notes

#1 The First Supplement set a certain area in relation to damages associated with voluntary evacuation, etc., and indicated damages that can be recognised as being common at least to persons who were residing in this area. The applicable period for this calculation was from the time of occurrence of the accident until the end of December 2011, under circumstances in which there was no stabilisation of the TEPCO Fukushima Daiichi nuclear power plant, etc. In this regard, concerning the period from January 2012, consideration will be given in future to the scope of compensation, etc., as necessary.

#2 Accordingly, in the Second Supplement, concerning the period from January 2012: i) the circumstances in the applicable period generally differ from the First Supplement; ii) at the same time, for children and pregnant women at least, it is thought that the likelihood of extreme sensitivity to radiation is generally recognised, etc., so the content of the First Supplement is not applied "as is". However, there is eligibility for compensation where such persons have considerable fear and unease about exposure to radiation, and where it is recognised to be reasonable for an average, ordinary person to seek to evacuate voluntarily in order to avoid this risk, according to the individual case or type.

Part 4. Damages related to decontamination, etc.

In addition to what was indicated in the Interim Guidelines, damages related to decontamination, etc. are as follows:

- Guidelines

I) Concerning radioactive material originating in the accident, additional expenses that are inevitably incurred in connection with carrying out decontamination, etc. to a necessary and reasonable extent (as well as the removal of contaminated soil, etc., including measures to prevent the spreading, etc. of contamination, the collection, transportation, storage and disposal of contaminated soil as well as the processing of contaminated waste material), the reduction in income and loss of/reduction in property value are allowed as damage to be compensated.

II) Expenses related to necessary and reasonable testing, etc. carried out by local authorities and educational institutions in order to allay residents' unease and fear about exposure to radiation are allowed as damage to be compensated.

- Notes

#1 With regard to Guideline I), in Article 44-1 of the Act on Special Measures concerning the Handling of Environmental Pollution by Radioactive Materials Discharged as a Result of the Nuclear Plant Accident following the 11 March 2011 Earthquake Off the Pacific Coast of the Tohoku District ("Special Measures Act"), it is stipulated, "Measures to tackle environmental contamination resulting from radioactive materials originating in the accident, which are enacted on the basis of this Act, pertain to damages for which related nuclear operator bear a compensation liability, pursuant to the provisions of Section 3-1 of the Act on Compensation for Nuclear Damage (Act No. 147 of 1961), and the burden for implementing these measures shall be assumed by said related nuclear operator". As well as expenses that are directly necessitated by measures based on the Special Measures Act, items corresponding to Guideline I), regardless of whether they are encompassed by Article 44-1 of said Act, including property damage and business damage, etc. accompanying said measures, are eligible for compensation as nuclear power damage.

#2 With regard to Guideline II), consideration has been given to the fact that the existing situation regarding exposure and the unease and fear of evacuating residents about exposure to radiation are serious, and in order to allay such unease and fear, local authorities and educational institutions have been forced to take measures such as measuring children's external exposure to radiation and testing radioactivity on daily food items, etc.

Nuclear Damage Compensation Facilitation Corporation Act

(Act No. 94 of 2011)

Chapter I. General provisions

- Purpose

Article 1. The purpose of the Nuclear Damage Compensation Facilitation Corporation is, in the case where nuclear damage [meaning the "nuclear damage" prescribed in Section 2, paragraph 2 of the Act on Compensation for Nuclear Damage (Act No. 147 of 1961; hereafter the "Compensation Act")] of which the actual amount to be compensated by the nuclear operator (meaning the "nuclear operator" prescribed in Article 38, paragraph 1 of the present Act; hereinafter the same shall apply in Article 37) pursuant to the provisions of Section 3 of the Compensation Act exceeds the financial security amount provided in Section 7, paragraph 1 of the Compensation Act [such a financial security amount is hereinafter simply referred to as "Financial Security Amount" in Article 41, paragraph (1)], to attempt to implement prompt and appropriate compensation for nuclear damage and to ensure the smooth management of stable supply of electricity and any other business activities of the reactor operation, etc. [meaning the reactor operation, etc. prescribed in Article 38, paragraph (1)of the present Act] by granting the necessary funds to and carrying out other businesses for said nuclear operator incurred in compensating the damage, and thereby to enhance the stability of citizens' lives and to contribute to the sound development of the national economy.

- Responsibility of the State

Article 2. Taking into consideration that the State has had the social responsibility that comes along with promoting the nuclear energy policy, the State shall take all necessary measures to enable the Nuclear Damage Compensation Facilitation Corporation to achieve the purpose described in the preceding Article.

- Juridical personality

Article 3. The Nuclear Damage Compensation Facilitation Corporation ("Corporation") shall be a juridical person.

- Number

Article 4. Only one Corporation shall be established.

- Stated capital

Article 5. The Corporation's stated capital shall be the total amount subscribed by both the Government and non-governmental persons.

(2) The Corporation, when necessary, may increase its stated capital with the authorisation of the competent ministers.

- Name

Article 6. The Corporation shall use the term "*Genshiryoku Songai Baisho Shien Kikou*" (meaning "Nuclear Damage Compensation Facilitation Corporation", the same shall apply hereinafter) in its name.

(2) No person other than the Corporation shall use any term "*Genshiryoku Songai Baisho Shien Kikou*", in its name.

- Registration

Article 7. The Corporation shall complete its registration pursuant to the provisions of a Cabinet Order.

(2) The matters that required registration pursuant to the provision of the preceding paragraph may not be duly asserted against a third party prior to the registration.

- Application *Mutatis Mutandis* of the Act on General Incorporated Associations and General Incorporated Foundations

Article 8. The provisions of Articles 4 and 78 of the Act on General Incorporated Associations and General Incorporated Foundations (Act No. 48 of 2006) shall apply *mutatis mutandis* to the Corporation.

Chapter II. Establishment

- Founders

Article 9. In order to establish a Corporation, three or more persons with expert knowledge and experience concerning the electricity business need to become the founders.

- Preparation of articles of incorporation, etc.

Article 10. The founders shall promptly prepare articles of incorporation of the Corporation, and shall solicit capital subscription in the Corporation from non-governmental persons.

(2) The articles of incorporation set forth in the preceding paragraph shall state the following matters:

(i) purpose;

(ii) official name;

(iii) office locations;

(iv) matters concerning stated capital and capital subscription;

(v) matters concerning the Management Committee;

(vi) matters concerning officers;

(vii) matters concerning businesses and their execution;

(viii) matters concerning finance and accounting;

(ix) matters concerning amendment of the articles of incorporation; and

(x) methods of public notice.

- Authorisation for establishment

Article 11. When the solicitation set forth in paragraph (1) of the preceding Article has been terminated, the founders shall promptly submit the articles of incorporation to the competent ministers and apply for authorisation for the establishment.

- Succession of affairs

Article 12. When authorisation for the establishment has been granted, the founders shall, without delay, hand over the affairs to a person who shall become the President of the Corporation.

(2) When the affairs have been handed over pursuant to the preceding paragraph, a person who shall become the President of the Corporation shall, without delay, request payment for capital subscription from both the Government and the non government persons who have applied for the solicitation of capital subscription.

- Registration of establishment

Article 13. When the capital subscription has been paid in pursuant to paragraph (2) of the preceding Article, a person who shall become the President of the Corporation shall, without delay, complete its registration of establishment pursuant to the provisions of a Cabinet Order.

(2) The Corporation shall be established by completing a registration of establishment.

Chapter III. Management Committee

- Establishment

Article 14. The Corporation shall establish a Management Committee.

- Authority

Article 15. In addition to matters specified elsewhere in this Act, the following matters shall be subject to resolution of the Management Committee:

(i) amendment of the articles of incorporation;

(ii) preparation or amendment of the statement of operational procedures;

(iii) preparation or modification of the budget and financial plan;

(iv) settlement of account; or

(v) any other matter that the Management Committee finds particularly necessary.

- Organisation

Article 16. The Management Committee shall be composed of up to eight committee members, and the President and officers of the Corporation.

(2) The Management Committee shall have a chairperson, who shall be designated by the committee members from among themselves.

(3) The chairperson of the Management Committee shall exercise general control over its business.

(4) The Management Committee shall, in advance, designate a person who shall perform the duties of the chairperson when the chairperson is prevented from attending to his/her duties from among the committee members.

- Appointment of committee members

Article 17. The committee members shall, with the authorisation of the competent ministers, be appointed by the President of the Corporation from among persons with expert knowledge and experience concerning the electricity business, economics, finance, law or accounting.

- Term of office of committee members

Article 18. The term of office of committee members shall be two years; provided, however, that the term of office of a substitute committee member appointed where there is any vacancy shall be the remaining term of the predecessor.

(2) Committee members may be reappointed.

- Dismissal of committee members

Article 19. The President of the Corporation may dismiss a committee member with the authorisation of the competent ministers when a committee member falls under any of the following items:

(i) when an officer has received an order for the commencement of bankruptcy proceedings;

(ii) when an officer has been sentenced to imprisonment without work or a heavier punishment;

(iii) when an officer has been deemed incapable of executing his/her duties due to mental or physical disorder; or

(iv) when an officer has breached his/her obligations in the course of duties.

- Resolution method

Article 20. The Management Committee may not hold a meeting nor make a resolution without the attendance of a majority of committee members, and the President and directors of the Corporation in addition to the attendance of either the chairperson or a member who shall perform the duties of the chairperson, pursuant to Article 16 paragraph (4).

(2) A resolution of the Management Committee shall be made by a majority of votes cast by the committee members, and the President and directors of the Corporation who are present. When the votes are equally split, the chairperson shall make a final decision.

- Committee members' duty of confidentiality

Article 21. The committee members shall not divulge any secrets that they have learnt in the course of their duties. The same shall apply even after they have left the Corporation.

- Position of committee members

Article 22. With regard to the application of the Penal Code (Act No. 45 of 1907) and any other penal provisions, the committee members shall be deemed employees engaged in public service pursuant to laws and regulations.

Chapter IV. Officers, etc.

- Officers

Article 23. The Corporation shall have one President, up to four Directors and one auditor as officers.

- Duties and authority of officers

Article 24. The president shall represent the Corporation and preside over its business.

(2) In accordance with the decision made by the President of the Corporation, the Directors shall represent the Corporation, assist the President in administering the business of the Corporation, act on behalf of the President when he/she has had an accident, and perform the duties of the President when his/her position is vacant.

(3) The auditor shall audit the Corporation's business.

(4) When it is found necessary based on the results of audits, the auditor may submit opinions to the Management Committee, to the President or to the competent ministers.

- Appointment of officers

Article 25. The President and the auditor shall be appointed by the competent ministers.

(2) The Directors shall be appointed by the President with the authorisation of the competent ministers.

- Term of office of officers

Article 26. The term of office of officers shall be two years; provided, however, that the term of office of a substitute officer appointed in the case where there is any vacancy in the position shall be limited to the remaining term of the predecessor.

(2) An officer may be reappointed.

- Ineligibility for officers

Article 27. Officials of the Government or a local government (excluding part-time officials) may not become officers.

- Dismissal of officers

Article 28. The competent ministers or the President shall dismiss the officer when an officer appointed by either of them falls under the provisions of the preceding Article.

(2) The competent ministers or the President may dismiss the officer as prescribed in the provisions of Article 25, paragraph (1) when an officer appointed by either of them falls under any of the items of Article 19 or when it is deemed to be inappropriate for that officer to remain in his/her position.

- Prohibition of concurrent holding of positions by officers

Article 29. Officers (excluding a part-time officer) shall not become an officer of a for-profit body, or shall not be engaged in commercial business; provided, however, that this shall not apply to the case where the officer obtains the approval of the competent ministers.

- Prohibition of concurrent holding of positions by the auditor

Article 30. The auditor shall not concurrently hold the post of President, officer, Management Committee member, or employee of the Corporation.

- Restriction on authority of representation

Article 31. With regard to matters in which there exists conflict of interests between the Corporation and the President or Directors, these persons shall not have authority of representation. In this case, the auditor shall represent the Corporation.

- Appointment of agents

Article 32. The President may appoint an agent who has the authority to undertake all judicial or non judicial acts relating to a portion of the business of the Corporation from among employees of the Corporation.

- Appointment of employees

Article 33. The Corporation's employees shall be appointed by the President.

- Confidentiality obligation, etc. of officers, etc.

Article 34. The provisions of Articles 21 and 22 shall apply *mutatis mutandis* to officers and employees.

Chapter V. Business

Section 1. Scope of business, etc.

- Scope of business

Article 35. The Corporation shall conduct the following businesses in order to accomplish the purpose prescribed in Article 1:

(i) receipt of contributions pursuant to the provisions of the following section;

(ii) financial assistance pursuant to the provisions of Section 3 and other business pursuant to the provisions of the same section;

(iii) consultation pursuant to the provisions of Section 4 and any other business pursuant to the provisions of the same section; and

(iv) business incidental to the business listed in the preceding three items.

- Statement of operational procedures

Article 36. When the Corporation commences business, it shall prepare a statement of operational procedures and shall obtain the authorisation of the competent ministers. The same shall apply when the Corporation intends to amend the statement of operational procedures.

(2) The matters concerning the contributions and any other matters specified by an Ordinance of the competent ministries shall be included in the statement of operational procedures set forth in the preceding paragraph.

- Collection of reports, etc.

Article 37. When it is necessary in order to carry out its business, the Corporation may request nuclear operators to submit reports or materials.

(2) A nuclear operator that has been requested to submit reports or materials pursuant to the provision of the preceding paragraph shall submit them without delay.

Section 2. Contribution

- Payment of contributions

Article 38. A nuclear operator [meaning a person as set forth below who is engaged (or was formerly engaged) in the reactor operation, etc. [meaning the reactor operation, etc. pertaining to either commercial power reactors prescribed in item (i) or commercial reprocessing facilities prescribed in item (ii) of the definition of reactor operation, etc. prescribed in Section 2, paragraph 1 of the Compensation Act, the same shall apply hereinafter)] shall pay its contribution to the Corporation to cover expenses necessary for the Corporation's business for each business year of the Corporation:

(i) a person who has received a permission set forth in Section 23, paragraph 1 of the Act for the Regulation of Nuclear Source Material, Nuclear Fuel and Reactors (Act No. 166 of 1957; referred to as "Nuclear Reactor, etc. Regulation Act" in the following item) pertaining to the commercial power reactors (meaning the commercial power reactor prescribed in item (i) of the same paragraph; the same shall apply in the following item); or

(ii) a person who has received a designation set forth in Section 44, paragraph 1 of the Nuclear Reactor, etc. Regulation Act pertaining to commercial reprocessing facilities (meaning the reprocessing facilities specified by a Cabinet Order as reprocessing facilities) that conduct the reprocessing (meaning the reprocessing prescribed in Section 2, paragraph 8 of the Nuclear Reactor, etc. Regulation Act) of nuclear fuel material [meaning the nuclear fuel material prescribed in Section 3, paragraph 1, item (i) of the Basic Atomic Energy Act (Act No. 186 of 1955)] used as fuel in commercial power reactors at the reprocessing facilities prescribed in Section 44, paragraph 2, item (ii) of the Nuclear Reactor, etc. Regulation Act.

(2) The contribution set forth in the preceding paragraph shall be paid within three months from the end of that business year; provided, however, that an amount equivalent to half of said contribution may be paid within three months from the day following the day on which six months has elapsed from the day following the date of the end of that business year.

(3) When a nuclear operator has not paid the contribution by the deadline, the Corporation shall, without delay, report that fact to the competent ministers.

(4) When the competent ministers receive a report pursuant to the provision of the preceding paragraph, they shall publicise that fact.

- Amount of contribution

Article 39. The amount of the contribution set forth in paragraph (1) of the preceding Article for each nuclear operator shall be an amount obtained by multiplying the total annual amount of general contribution (meaning the amount specified by the Corporation after obtaining a resolution of the Management Committee as the total amount of the contribution (excluding the special contribution prescribed in Article 52, paragraph (1)) that shall be paid by the nuclear operators in each business year of the Corporation; hereafter the same shall apply in this Article) by the contribution rate (meaning a ratio specified by the Corporation after obtaining a resolution of the

Management Committee for each nuclear operator as a ratio of the amount that shall be paid by each nuclear operator to the total annual amount of the general contribution; hereafter the same shall apply in this Article).

(2) The total annual amount of general contribution shall be specified in accordance with the criteria specified by an Ordinance of the competent ministries as the amount necessary to satisfy the following requirements:

(i) in light of long-term forecast of the expenses necessary for the Corporation's business, the total annual amount of the general contribution shall be sufficient enough to implement said business properly and certainly; and

(ii) in light of the condition of income and expenditure of each nuclear operator, the total annual amount of the general contribution shall pose neither the risk of obstructing the smooth management of business activities of the reactor operation, etc. such as stable supply of electricity and any other operations, nor that of imposing extreme burden on the users of the business.

(3) Taking into consideration scale and content of business activities of the reactor operation, etc. by each nuclear operator, and any other circumstances, the contribution rate shall be specified in accordance with the criteria specified by an Ordinance of the competent ministries.

(4) When the Corporation intends to specify the total annual amount of the general contribution or the contribution rate, or to modify each of them, it shall obtain the authorisation of the competent ministers.

(5) When the competent ministers intend to approve the total annual amount of the general contribution set forth in the preceding paragraph, they shall, in advance, consult with the Ministry of Finance.

(6) When the Corporation has received the authorisation set forth in paragraph (4), it shall, without delay, notify the nuclear operators of the total annual amount of the general contribution and the contribution rate pertaining to said authorisation.

(7) When the competent ministers find it necessary in light of circumstances of implementation of business by the Corporation, that of business activities of the reactor operation, etc. by each nuclear operator and any other circumstances, the competent ministers may order the Corporation to modify the total annual amount of the general contribution or the contribution rate.

- Late payment charge

Article 40. When a nuclear operator does not pay its contribution by the deadline, it shall pay a late payment charge to the Corporation.

(2) The amount of the late payment charge shall be an amount calculated by multiplying the unpaid contribution by 14.5% a year in accordance with the number of days from the day after the deadline to the day of payment inclusive.

Section 3. Financial Assistance

Sub-section 1. General Rules

- Offer for Financial Assistance

Article 41. In the case where the actual amount to be compensated by a nuclear operator for nuclear damage pursuant to the provisions of Section 3 of the Compensation Act ["Total Amount of Compensation" in this Article and Article 43, paragraph (1)] is expected to exceed the Financial Security Amount, the nuclear operator may make an

application to the Corporation to provide the following measures ("Financial Assistance") to contribute to securing the implementation of prompt and appropriate compensation for nuclear damage as well as smooth management of business activities of the reactor operation, etc. such as stable supply of electricity and any other operations:

(i) granting of funds to the said nuclear operator ("Granting of Funds") to be allocated to the performance of compensation for damage within the limit of the amount obtained by deducting the Financial Security Amount from the Total Amount of Compensation;

(ii) share subscription issued by the said nuclear operator;

(iii) loan of funds to the said nuclear operator;

(iv) acquisition of bonds issued by the said nuclear operator or promissory notes specified by an Ordinance of the competent ministries; or

(v) guarantee of obligations pursuant to borrowing of funds by the said nuclear operator.

(2) A nuclear operator that makes an application pursuant to the provision of the preceding paragraph shall submit to the Corporation a document containing the following matters:

(i) circumstances of nuclear damage;

(ii) forecast of the Total Amount of Compensation and measures for implementing prompt and appropriate compensation for damages;

(iii) reason for the necessity of Financial Assistance, and its contents and amount; and

(iv) medium-term plans concerning the business and the balance of payments.

- Decision of Financial Assistance

Article 42. When the application has been made pursuant to paragraph (1) of the preceding Article, the Corporation shall, without delay, after obtaining a resolution of the Management Committee, decide whether to provide Financial Assistance, and its contents and amount in the case where the Corporation grants it.

(2) When the Corporation has made the decision pursuant to the provision of the preceding paragraph, it shall, without delay, notify the nuclear operator that it has decided the said application and matters pertaining to the said decision and shall report this to the competent ministers.

(3) In the case where the competent ministers have received the report pursuant to the provision of the preceding paragraph, when they find it necessary to ensure that the nuclear operator, that has received the decision pertaining to the said report, implements prompt and appropriate compensation for nuclear damage, and conducts the smooth management of business activities of the reactor operation, etc. such as stable supply of electricity and any other operations, the competent ministers may order the Corporation to change said decision.

- Amendment of contents, etc. of Financial Assistance

Article 43. A nuclear operator that has been notified of the decision to provide the Financial Assistance pursuant to the provisions of paragraph (1) of the preceding Article may make an application to change the contents or the amount of said Financial Assistance when necessary due to an increase in the Total Amount of Compensation or other circumstances.

(2) A nuclear operator making an application pursuant to the provision of the preceding paragraph shall submit to the Corporation a document stating the matters listed in the items of Article 41, paragraph (2).

(3) When the application set forth in the preceding paragraph has been made, the Corporation shall, without delay, after obtaining a resolution of the Management Committee, make a decision whether to modify the contents or the amount of said Financial Assistance.

(4) The provisions of paragraphs (2) and (3) of the preceding Article shall apply *mutatis mutandis* to the decision pursuant to the preceding paragraph.

- Return of granted funds

Article 44. In light of the progress of the compensation for damage performed by the nuclear operator that has received the Granting of Funds, when the Corporation finds that all or part of the amount obtained by deducting said amount that has already been allocated for the performance from the amount of said Granting of Funds is no longer likely to be allocated for the performance of compensation, the Corporation shall require said nuclear operator to pay that amount to the Corporation.

Sub-section 2. Certification of Special Business Plan, etc.

- Certification of Special Business Plan

Article 45. In the case where the Corporation intends to make a decision to provide Financial Assistance pursuant to the provision of Article 42, paragraph (1), when it is necessary, or is expected to be necessary, to receive government bonds pursuant to the provision of Article 48, paragraph (2) to allocate funds necessary for the Granting of Funds pertaining to said Financial Assistance, after obtaining a resolution of the Management Committee, jointly with the nuclear operator that made an application for said Financial Assistance, the Corporation shall prepare a plan ("Special Business Plan") concerning the implementation of compensation for damage and any other management of businesses by the nuclear operator as well as the Financial Assistance to said nuclear operator, and shall obtain certification of the competent ministers.

(2) The Special Business Plan shall contain the following matters:

(i) matters listed in Article 41, paragraph (2), item (i), item (ii) and item (iv);

(ii) measures for rationalisation of management of the nuclear operator;

(iii) in addition to the measures listed in the preceding item, making a request for co-operation to relevant persons by the nuclear operator in order to secure the funds to be allocated for performance of compensation for nuclear damage and any other measures;

(iv) matters concerning valuation pertaining to the nuclear operator's assets and condition of income and expenditure;

(v) measures to clarify the management responsibility of the nuclear operator;

(vi) contents and amounts of Financial Assistance to the nuclear operator;

(vii) matters concerning financial resource of the amount of government bonds requested to be granted and any other funds necessary for Financial Assistance; and

(viii) other matters specified by an Ordinance of the competent ministries.

(3) When the Corporation prepares a Special Business Plan, the Corporation shall value the nuclear operator's assets strictly as well as objectively and review its business management thoroughly, and shall also confirm whether the requests for co-operation to relevant persons made by the nuclear operator are appropriate and sufficient.

(4) The competent ministers may grant certification set forth in paragraph (1) only in the case where the Special Business Plan submitted for certification set forth in the same paragraph meets all of the following requirements:

(i) the Special Business Plan is appropriate to implement prompt and appropriate compensation for nuclear damage and to ensure the smooth management of business activities of the reactor operation, etc. such as stable supply of electricity and any other operations;

(ii) matters listed in paragraph (2), item (ii) show that said nuclear operator exerts its utmost efforts to secure the funds to be allocated for performance of compensation for nuclear damage; and

(iii) the Special Business Plan is expected to be implemented smoothly and certainly.

(5) When the competent ministers intend to grant certification set forth in paragraph (1), they shall, in advance, consult with the Ministry of Finance and other heads of relevant administrative organs.

(6) When the competent ministers intend to grant certification set forth in paragraph (1), they shall, without delay, give public notice of the approval and of the Special Business Plan pertaining to said certification ("Certified Special Business Plan"); provided, however, that this shall not apply to the matters that may be a breach of confidence of trading partners of the nuclear operator that submitted said Special Business Plan and may pose a risk of causing unjust disadvantage upon execution of the business of said nuclear operator.

- Change of Certified Special Business Plan

Article 46. When the Corporation and the nuclear operator intend to change the Certified Special Business Plan (excluding minor amendments specified by an Ordinance of the competent ministries), they shall obtain certification of the competent ministers.

(2) When the Corporation intends to apply for the certification set forth in the preceding paragraph, it shall be subject to a resolution of the Management Committee.

(3) When an application for the certification set forth in paragraph (1) has been submitted, the competent ministers may grant certification set forth in the same paragraph only in the case where the application meets all of the following requirements:

(i) the changed Special Business Plan satisfies all of the requirements listed in the items of paragraph (4) of the preceding Article; and

(ii) there are compelling reasons to change the Certified Special Business Plan, in consideration of the implementation status of damage compensation and other circumstances.

(4) The provisions of paragraphs (5) and (6) of the preceding Article shall apply *mutatis mutandis* to the certification set forth in paragraph (1).

- Ensuring performance of the Certified Special Business Plan

Article 47. During a period [referred to as "special period" in this Article, paragraph (3) and Article 52, paragraph (1)] from the date of certification set forth in Article 45, paragraph (1) to the date when the competent ministers find that all of the following requirements have been satisfied and have given public notice, if the competent ministers find it necessary to ensure performance of the Certified Special Business Plan (if changed, the changed one; hereinafter the same shall apply in this paragraph), they may order the nuclear operator ("certified operator") that has received the certification set forth in Article 45, paragraph (1) [including certification set forth in paragraph (1) of the preceding Article; hereinafter the same shall apply in Article 69, paragraph (2)] to report on the progress of the Certified Special Business Plan, or to take necessary measures:

(i) in light of the progress of compensation for damage performed by the certified operator and of the implementation of the Financial Assistance based on the Certified Special Business Plan ("Special Financial Assistance"), it is found unnecessary to grant additional government bonds pursuant to the provision of paragraph (2) of the immediately following Article in order to give Granting of Funds pertaining to the Special Financial Assistance to said certified operator;

(ii) among the government bonds granted to the Corporation pursuant to the provision of paragraph (2) of the immediately following Article, the government bonds that have not been redeemed pursuant to the provision of Article 49, paragraph (2) have already been returned to the Government; and

(iii) the total amount paid to the Treasury by the Corporation pursuant to the provision of Article 59, paragraph (4) has already reached the total amount of the government bonds redeemed pursuant to the provision of Article 49, paragraph (2).

(2) When the competent ministers have ordered a report pursuant to the provision of the preceding paragraph, they may give public notice of said report.

(3) If the certified operator ceases to be a nuclear operator during the special period pursuant to said certification, it shall be deemed to be a nuclear operator continuously during the special period, and the provisions of this Chapter (including penal provisions pursuant to these provisions) shall apply to that operator.

Sub-section 3. Government aid for Special Financial Assistance

- Granting of government bonds

Article 48. The Government may issue government bonds in order to use them to secure the funds necessary for the Corporation to give Granting of Funds pertaining to the Special Financial Assistance.

(2) The Government shall issue government bonds within the amount prescribed by the budget, and shall grant the bonds to the Corporation pursuant to the provision of the preceding paragraph.

(3) Bonds issued pursuant to the provision of paragraph (1) shall be free of interest.

(4) Bonds issued pursuant to the provision of paragraph (1) shall not be subject to transfer, attachment or any other dispositions.

(5) In addition to the provisions of the preceding three paragraphs, the necessary matters concerning government bonds issued pursuant to the provision of paragraph (1) shall be specified by an Ordinance of the Ministry of Finance.

- Redemption of government bonds, etc.

Article 49. The Corporation may request the redemption of government bonds issued pursuant to the provision of paragraph (2) of the preceding Article up to the amount necessary to give Granting of Funds pertaining to the Special Financial Assistance.

(2) When the Government has been requested by the Corporation to redeem all or part of the amount of the government bonds granted pursuant to the provision of paragraph (2) of the preceding Article, it shall redeem them promptly.

(3) For the purpose of clarifying accounting of measures concerning financial measures in order to ensure prompt and appropriate implementation of the compensation for nuclear damage implemented pursuant to the provisions of this Act, the redemption pursuant to the provision of the preceding paragraph shall be settled in the account established in the Energy Policy Special Account.

(4) The defrayment of the account prescribed in the preceding paragraph shall be carried out smoothly using the establishment of special funds, the appropriate receipt or payment of these funds, and any other necessary measures to secure funds of the account.

(5) In addition to what is listed in the preceding paragraphs, the necessary matters concerning the redemption of the government bonds granted by the Government pursuant to the provision of paragraph (2) of the preceding Article shall be specified by an Ordinance of the Ministry of Finance.

- Return of government bonds, etc.

Article 50. In the case where there are government bonds that have not been redeemed among the ones granted pursuant to the provision of Article 48, paragraph (2), in light of the progress of compensation for damage performed by said certified operator and of implementation of the Special Financial Assistance, when the Corporation finds it unnecessary to request a new redemption of government bonds pursuant to the provision of paragraph (1) of the preceding Article in order to give Granting of Funds pertaining to the Special Finance Assistance to the certified operator, the Corporation shall return the government bonds not redeemed to the Government.

(2) When the government bonds have been returned pursuant to the provision of the preceding paragraph, it shall immediately cancel them.

(3) In addition to the provisions of the preceding two paragraphs, the necessary matters concerning return and cancellation of the government bonds granted by the Government pursuant to the provision of Article 48, paragraph (2) shall be specified by an Ordinance of the Ministry of Finance.

- Granting of Funds

Article 51. In the case where the Corporation gives Granting of Funds pursuant to the Special Financial Assistance, only when the government finds that the funds pertaining to the Granting of Funds are likely to be insufficient even after granting the Government bonds, it may grant necessary additional funds to the Corporation within the amount prescribed by the budget in order to secure the funds necessary to give said Granting of Funds.

Sub-section 4. Special provisions on amount of contribution

Article 52. Notwithstanding the provision of Article 39, paragraph (1), the amount of contribution to be paid by a certified operator for the business year of the Corporation, all or part of which falls within the special period pertaining to said certification, shall be an amount equivalent to the amount obtained by adding the amount of a special contribution (meaning an amount to be specified for each business year by the Corporation after obtaining a resolution of the Management Committee as a reasonable amount to be borne additionally by the certified operator; hereinafter the same shall apply in this Article) to the amount calculated pursuant to the provision of the same paragraph.

(2) In light of the condition of income and expenditure of a certified operator, the amount of special contribution shall be specified within a limit that does not obstruct the smooth management of business activities of the reactor operation, etc. such as a stable supply of electricity and any other operations, as an amount that requires a certified operator to bear as much as possible its burden in accordance with the criteria specified by an Ordinance of the competent ministries.

(3) When the Corporation intends to specify an amount of the special contribution or to modify this, it shall obtain the authorisation of the competent ministers.

(4) When the competent ministers intend to give the authorisation set forth in the preceding paragraph, they shall, in advance, consult with the Ministry of Finance.

(5) When the Corporation receives the authorisation set forth in paragraph (3), it shall, without delay, notify the amount of the special contribution pertaining to said authorisation.

Section 4. Consultation and other businesses for smooth implementation of compensation for damage

- Consultation and information provision, etc.

Article 53. In the case where the Corporation has provided Financial Assistance to a nuclear operator, it shall conduct consultation, provide necessary information and give advice to persons who suffer nuclear damage pertaining to said nuclear operator. In this case, the Corporation may entrust these businesses to a third party.

- Purchase of assets

Article 54. Based on an application from the nuclear operator that received Financial Assistance, the Corporation may purchase assets held by said nuclear operator in order to contribute to securing the funds to be allocated to the performance of compensation for nuclear damage pertaining to the Financial Assistance.

(2) In the case where the Corporation receives an application of purchase of assets set forth in the preceding paragraph, the Corporation shall, without delay, after a resolution of the Management Committee, decide whether to purchase said assets.

(3) The provisions of Article 42, paragraphs (2) and (3) apply *mutatis mutandis* to the decision pursuant to the preceding paragraph.

- Payment of compensation for nuclear damage by the Corporation, etc.

Article 55. Upon entrustment by the nuclear operator that received Financial Assistance, the Corporation may pay all or part of the compensation for nuclear damage on behalf of said nuclear operator.

(2) When the Corporation finds it necessary in order to proceed with a payment pursuant to the preceding paragraph, it may inquire with, or request the co-operation of, relevant persons such as government agencies or public entities.

(3) Pursuant to the provisions of the Act on Emergency Measures Related to Damage Caused by the 2011 Nuclear Accident (Act No. 91 of 2011), upon entrustment by the competent ministers pursuant to the provision of Article 15 of the same Act or by a prefectural governor who conducts part of the affairs concerning making temporary payment on behalf of the nuclear operator pursuant to Article 8, paragraph (1) of the same Act, the Corporation may conduct part of the affairs (excluding affairs concerning decision of expenditure and granting based on the Accounting Act (Act No. 35 of 1947)) concerning making temporary payment on behalf of the nuclear operator pursuant to the provision of Article 3, paragraph(1) of the same Act.

Chapter VI. Finance and accounting

- Business year

Article 56. The business year of the Corporation shall begin on 1 April and end on 31 March of the following year.

- Authorisation of budget, etc.

Article 57. The Corporation shall, every business year, prepare the budget and financial plan and obtain the authorisation of the competent ministers before the start of that business year. The same shall apply when the Corporation intends to modify these.

(2) When the competent ministers intend to give the authorisation set forth in the preceding paragraph, they shall, in advance, consult with the Ministry of Finance.

- Financial statements, etc.

Article 58. The Corporation shall, every business year, prepare a balance sheet, a profit and loss statement, documents concerning the disposal of profit and losses, and any other documents specified by an Ordinance of the competent ministries, and annexed detailed statements thereto ("Financial Statements"), shall submit them to the competent ministers within three months after the end of that business year, and shall obtain their approval.

(2) When the Corporation submits the Financial Statements to the competent ministers pursuant to the provision of the preceding paragraph, it shall attach a business report and a statement of accounts according to the budget classifications for that business year, and the written opinion of the auditor concerning the Financial Statements and the statement of accounts to the Financial Statements.

(3) When the Corporation receives the approval of the competent ministers pursuant to the provision of paragraph (1), it shall, without delay, give public notice of the Financial Statement in the Official Gazette, and shall keep copies of business reports, annexed detailed statement, and the written opinion of the auditor as well as the Financial Statements at each office, and provide these for public inspection for a period of time specified by an Ordinance of the competent ministries.

(4) The Corporation shall manage the figures pertaining to the contributions for each nuclear operator.

- Treatment of profits and losses

Article 59. When the profit has accrued based on the profit and loss calculation, the Corporation shall, every business year, offset the loss carried over from the previous business year, and then when there is any surplus even after offsetting the loss, the Corporation shall keep the amount of this reserve as reserve funds.

(2) When the loss has accrued based on the profit and loss calculation, the Corporation shall, every business year, settle this by reducing the reserve funds pursuant to the provision of the preceding paragraph (1), and when there is any shortage after reducing the reserve, the Corporation shall book the amount of this shortage as a loss carried forward.

(3) The Corporation may, up to the limit of the amount specified by the budget, allocate the reserve funds pursuant to the provision of paragraph (1) to the expenses necessary for the businesses listed in Article 35, items (ii) and (iii).

(4) In the case where the Corporation has given Granting of Funds pertaining to the Special Financial Assistance, when there is any reserve pursuant to the provision of paragraph (1), the Corporation shall, every business year, pay to the Treasury up to the limit of the amount obtained by deducting the amount that has already been paid to the Treasury pursuant to the provision of this paragraph from the total amount of the government bonds that has been already redeemed pursuant to the provision of the Article 49, paragraph (2). In this case, the term "when there is any reserve" shall be deemed to be replaced with "when there is any reserve in the case where there is any

reserve even after deducting the amount that shall be paid to the Treasury pursuant to the provision of paragraph (4)".

(5) Concerning the payment pursuant to the provision of the preceding paragraph, the procedures of payment and any other necessary matters shall be specified by a Cabinet Order.

- Borrowing and Nuclear Damage Compensation Facilitation Corporation bonds

Article 60. The Corporation may, with the authorisation of the competent ministers, borrow funds (including refinancing) from financial institutions and any other persons, or issue Nuclear Damage Compensation Facilitation Corporation bonds ("Corporation bonds") (including issued for refinancing Corporation bonds). In this case, the Corporation may issue debenture certificates of Corporation bonds.

(2) When the competent ministers intend to give the authorisation set forth in the preceding paragraph, they shall, in advance, consult with the Ministry of Finance.

(3) The total amount of the current amount of the borrowings pursuant to the provision of paragraph (1) and the current amount of the obligations pertaining to the principal of Corporation bonds issued pursuant to the provision of the same paragraph shall not exceed the amount specified by a Cabinet Order.

(4) The creditors of Corporation bonds pursuant to the provision of paragraph (1) shall have the right to receive payment ahead of other creditors concerning the property of the Corporation.

(5) The statutory lien set forth in the preceding paragraph shall be ranked next in priority to the general statutory lien pursuant to the Civil Code (Act No. 89 of 1896).

(6) The Corporation may, with the authorisation of the competent ministers, entrust all or part of affairs concerning the issuance of Corporation bonds to banks or trust companies.

(7) The provisions of Article 705, paragraph (1), Article 705, paragraph (2) and Article 709 of the Companies Act (Act No. 86 of 2005) apply *mutatis mutandis* to a bank or a trust company that has received an entrustment pursuant to the provision of the preceding paragraph.

(8) In addition to the provisions of paragraphs (1) and (2), and from paragraphs (4) to (7), any necessary matters concerning the Corporation bonds shall be specified by a Cabinet Order.

- Government guarantee

Article 61. Notwithstanding the provision of Article 3 of the Act on Limitations of Government Financial Assistance to Juridical Persons (Act No. 24 of 1946), the government may guarantee obligations pertaining to the Corporation's borrowing set forth in paragraph (1) of the preceding Article or Corporation bonds within the amount approved by a Diet resolution.

- Investment of surplus funds

Article 62. The Corporation shall not invest surplus funds occurring in the course of business other than by the following methods:

(i) retention of the State bonds or any other securities designated by the competent ministers;

(ii) deposit in financial institutions designated by the competent ministers; or

(iii) any other method specified by an Ordinance of the competent ministries.

- Delegation to Ordinance of ministries

Article 63. In addition to the provisions of this Act, any necessary matters related to the Corporation's finances and accounting shall be specified by an Ordinance of the competent ministries.

Chapter VII. Supervision

- Supervision

Article 64. The Corporation shall be supervised by the competent ministers.

(2) When the competent ministers find it necessary for the enforcement of this Act, they may issue orders necessary for supervision to the Corporation.

- Report and inspections

Article 65. When the competent ministers find it necessary for the enforcement of this Act, they may order the Corporation to submit a report concerning its business, or may have his/her officials enter the Corporation's offices to inspect its books, documents or any other objects.

(2) A person who enters and inspects pursuant to the provision of the preceding paragraph shall carry a certificate for identification, and show it to the persons concerned.

(3) The authority concerning the on-site inspection pursuant to paragraph (1) shall not be construed as the one authorised for criminal investigation.

Chapter VIII. Miscellaneous provisions

- Amendment to the articles of incorporation

Article 66. An amendment to the articles of incorporation shall not come into effect without the authorisation of the competent ministers.

- Dissolution

Article 67. In the case of dissolution, when there are residual assets after the Corporation has performed its obligations, it shall distribute them to each of the capital subscribers within the limit of the amount of their capital subscription.

(2) In addition to what is specified in the provision of the preceding paragraph, matters concerning dissolution of the Corporation shall be specified separately by an Act.

- Granting of Funds by the Government

Article 68. In light of the occurrence of a significantly large amount of nuclear damage or any other circumstances, only when the Government finds that if it specifies the amount of contributions that shall be sufficient enough to implement the Corporation's business properly and certainly, this leads to specifying an excessive amount of contributions that obstructs the smooth management of business activities of the reactor operation, etc. such as stable supply of electricity and any other operations, or imposes extreme burden on the users of the business, and hence posing the risk of causing unexpected disruption in the lives of the citizenry and the national economy, the Government may grant necessary funds to the Corporation.

- Special provisions for Corporation tax

Article 69. When a nuclear operator pays a contribution to be allocated to the expenses necessary for the Corporation's business for the Corporation's business year based on the provisions of Article 38, the amount of this contribution shall be included in the amount of deductible expenses in the calculation of the amount of income of the nuclear operator's business year [meaning a business year as defined in Articles 13 and 14 of the Corporation Tax Act (Act No. 34 of 1965); the same shall apply in the following paragraph] to which the last day of the said Corporation's business year belongs or corporation's consolidated income [meaning a corporation's consolidated income as defined in Article 2, item (xviii-iv) of the same Act; hereinafter the same shall apply in the following paragraph] of the consolidated business year (consolidated business year as defined in Article 15-2 of the same Act; hereinafter the same shall apply in the following paragraph).

(2) When a nuclear operator has received the certification set forth in Article 45, paragraph (1), concerning the amount of income from the Special Financial Assistance (limited to the measure listed in Article 41, paragraph (1), item (1)), the amount of funds granted by the Corporation shall be included in the amount of gross profit when calculating the amount of income of the business year to which belongs the date of the granting or the corporation's consolidated income of the consolidated business year.

(3) The necessary matters for the application of the provisions of the preceding two paragraphs shall be specified by a Cabinet Order.

- Special provision for registration and license tax

Article 70. In the case where the Corporation purchases the assets from the certified operator that has received Granting of Funds pertaining to the Special Financial Assistance pursuant to the provision of Article 54, paragraph (1), the registration of transfer of rights on the real estate associated with the purchase of assets shall not be subject to the registration and license tax, as long as such registration is made within three months from the purchase pursuant to the provisions of the Ordinance of the Ministry of Finance.

- Delegation to Ordinances of competent ministries

Article 71. In addition to what is specified in this Act, any necessary matters for the enforcement of this Act shall be specified by Ordinances of the competent ministries.

- Competent ministers and Ordinances of the competent ministries

Article 72. The competent ministers and Ordinances of the competent ministries of this Act shall be specified by a Cabinet order.

Chapter IX. Penal provisions

Article 73. Any person who has leaked secrets learned in the course of his/her duties in violation of Article 21 (including the case where it is applied *mutatis mutandis* pursuant to Article 34) shall be punished by imprisonment with work for a period not exceeding a year or by a fine not exceeding five hundred thousand yen.

Article 74. Any person who has failed to make a report pursuant to the provision of Article 47, paragraph (1), or have made a false report shall be punished by a fine not exceeding five hundred thousand yen.

Article 75. When falling under any of the following items, the Corporation's officers or employees shall be punished by a fine not exceeding five hundred thousand yen:

(i) when he/she has failed to make a report pursuant to the provisions of Article 42, paragraph (2) [including the case where it is applied mutatis mutandis pursuant to Article 43, paragraph (4) and Article 54, paragraph (3)], or has made a false report; or

(ii) when he/she has failed to make a report pursuant to Article 65, paragraph (1) or having made a false report, or has refused, obstructed, or avoided the inspection pursuant to the provisions.

Article 76. Any person who has failed to make a report or to submit materials, or has made a false report or has submitted a false material shall be punished by a fine not exceeding three hundred thousand yen.

Article 77. When a representative person of a juridical person, or an agent, employee or other worker of a juridical person or individual, has engaged in illegal conduct set forth in Article 74 or the preceding Article with regard to the business of said juridical person or individual, not only the offender shall be punished but also said juridical person or individual shall be punished by the punishment prescribed in the same Article.

Article 78. When falling under any of the following items, the Corporation's officer who has committed the violation shall be punished by a fine not exceeding two hundred thousand yen:

(i) when he/she has not received the authorisation or approval of the competent ministers in the case where he/she shall receive said authorisation or approval;

(ii) when he/she has failed to complete his/her registration in violation of a Cabinet Order pursuant to the provision of Article 7, paragraph (1);

(iii) when he/she has engaged in a business other than the business prescribed in Article 35;

(iv) when he/she has failed to make a report or has made a false report in violation of the provision of Article 38, paragraph (3);

(v) when he/she has violated an order of the competent minister pursuant to the provisions of Article 38, paragraph (7), Article 42, paragraph (3) [including the case where it is applied mutatis mutandis pursuant to Article 43, paragraph (4) and Article 54, paragraph (3)] or Article 64, paragraph (2);

(vi) when he/she has, in violation of Article 58, paragraph (3), failed to keep documents or has failed to provide them for public inspection; or

(vii) when he/she has invested surplus funds in the course of business in violation of the provision of Article 62.

Supplementary provisions (Act No. 94 of 2011) (extract)

- Effective date

Article 1. This Act shall come into effect as from the day of promulgation; provided, however, that the provision of Article 55, paragraph (3) shall come into effect as from the effective date of the Act on Emergency Measures related to Damage caused by the 2011 Nuclear Accident or the effective date of this Act, whichever comes later.

- Transitional measures

Article 2. The provision of Article 6, paragraph (2) shall not apply, for a period of six months counting from the effective date, to a person who uses the term "*Genshiryoku Songai Baisho Shien Kikou*" (translator's note: Nuclear Damage Compensation Facilitation Corporation) in its name at the time when this Act comes into effect.

Article 3. The provisions of Article 41 shall also apply to nuclear damage that occurred prior to the enforcement of this Act.

(2) A nuclear operator that applies to the Corporation for Financial Assistance related to nuclear damage that occurred prior to the enforcement of this Act shall rationalise its management and clarify its management responsibility thoroughly, and also request the necessary co-operation from its shareholders and any other relevant persons in order to implement prompt and appropriate compensation for the nuclear damage.

Article 4. The business year of the Corporation shall, notwithstanding the provision of Article 56, begin on the date of its establishment and end on the first 31 March thereafter.

Article 5. With regard to the budget and financial plans for the first business year of the Corporation, "before the start of that business year" in Article 57, paragraph (1) shall be deemed to be replaced with "without delay after the establishment of the Corporation".

- Review

Article 6. As soon as possible after the enforcement of this Act, on the basis of verification of the causes of the nuclear power plant accident that occurred on 11 March 2011 following the 2011 off the Pacific coast of Tohoku Earthquake ("the 2011 nuclear accident"), the progress of compensation for nuclear damage pertaining to the 2011 nuclear accident, and economic and financial situations, etc., the government shall review the responsibility of the State pertaining to the compensation of nuclear damage and the involvement, as well as the responsibility of the State pertaining to the restoration from the nuclear power plant accident with a view toward clarifying these issues, and shall also review the establishment of an organisation for prompt and appropriate resolution of disputes pertaining to compensation for nuclear damage, and shall take necessary measures including fundamental review of amending the Compensation Act, etc. based on the result of these reviews.

(2) At an early date after the enforcement of this Act, on the basis of verification of the causes of the 2011 nuclear accident, the progress situation of compensation for nuclear damage pertaining to the 2011 nuclear accident, and economic and financial situations, etc., the government shall review the status of enforcement of this Act including the burden on the nuclear operator receiving the Financial Assistance pertaining to the 2011 nuclear accident, the government and other nuclear operators, and the burden on shareholders and any other relevant persons of said nuclear operator, etc., from the viewpoint of minimising burden on citizens, and shall take necessary measures based on the result of this review.

(3) From the viewpoint of contributing to the improvement of the stability of the citizens' lives and to the sound development of the national economy, the government shall review the responsibility of the State for the nuclear energy policy, etc. based on the review of the policy on energy including improving systems pertaining to electricity supply, and shall take necessary measures including fundamental review of Acts concerning nuclear energy based on the result of this review.

Order for Enforcement of the Nuclear Damage Compensation Facilitation Corporation Act

(Cabinet Order No. 257 of 2011)

The Cabinet enacts this Cabinet Order based on the provisions of Article 7, paragraph (1), Article 13, paragraph (1), Article 38, paragraph (1), item (ii), Article 59, paragraph (5), Article 60, paragraphs (3) and (8), Article 69, paragraph (3), and Article 72 of the Nuclear Damage Compensation Facilitation Corporation Act (Act No. 94 of 2011).

- Commercial reprocessing facilities

Article 1. The matters specified by the Cabinet Order as prescribed in Article 38, paragraph (1), item (ii) of the Nuclear Damage Compensation Facilitation Corporation Act (hereinafter the "Act") shall be reprocessing facilities [meaning the reprocessing facilities prescribed in Section 44, paragraph 2, item (ii) of the Act for the Regulation of Nuclear Source Material, Nuclear Fuel and Reactors (Act No. 166 of 1957); hereinafter referred to as "Nuclear Reactor, etc. Regulation Act" in this Article] that operate reprocessing (meaning the reprocessing prescribed in Section 2, paragraph 8 of the Nuclear Reactor, etc. Regulation Act) of nuclear fuel material [meaning the nuclear fuel material prescribed in Section 3, item (ii) of the Basic Atomic Energy Act (Act No. 186 of 1955)] used as fuel in commercial power reactors [meaning the commercial power reactors prescribed in Article 23, paragraph (1), item (i) of the Nuclear Reactor, etc. Regulation Act] that are used for other than providing research and test.

- Procedure of payment to treasury

Article 2. When the Nuclear Damage Compensation Facilitation Corporation (the "Corporation") makes the payment pursuant to the provision of Article 59, paragraph (4) of the Act, it shall make said payment to the Treasury by 31 July of the following business year.

(2) When the Corporation makes the payment pursuant to the provision of Article 59, paragraph (4) of the Act, it shall attach a balance sheet at the end of said business year, a profit and loss statement for said business year and any other documents specified by an Ordinance of the competent ministries in addition to the financial statements of the amount to be paid to the Treasury calculated based on the provision in the same paragraph, and shall submit these to the competent ministers by 21 July of the following business year.

- Account to which payment attributes

Article 3. The payment pursuant to the provision of Article 59, paragraph (4) of the Act attributes to the Nuclear Damage Compensation Facilitation Account of the Energy Policy Special Account.

- Limits on borrowings and issuance of Nuclear Damage Compensation Facilitation Corporation bonds

Article 4. The amount specified by the Cabinet Order prescribed in Article 60, paragraph (3) of the Act shall be two trillion yen.

- Debenture certificates of Nuclear Damage Compensation Facilitation Corporation bonds

Article 5. When the Corporation issues the Nuclear Damage Compensation Facilitation Corporation bonds ("Corporation bonds") prescribed in Article 60, paragraph (1) of the Act, it shall issue debenture certificates of the Corporation bonds except in the case where the provisions of the Act on Book-entry Transfer of Company Bonds, Shares, etc. (Act No. 75 of 2001; referred to as "Company Bonds, etc. Transfer Act" in Article 8, paragraph (1), item (vi) and paragraph (2), item (iii)) apply to said Corporation bonds.

(2) The debenture certificates of the Corporation bonds set forth in the preceding paragraph shall be bearer bonds cum coupon.

- Method of issuing Corporation bonds

Article 6. The Corporation bonds shall be issued through the method of solicitation.

- Determination of matters concerning Corporation bonds for subscription

Article 7. Whenever the Corporation intends to solicit persons who subscribe for the Corporation bonds that it issues, it shall determine the following matters with respect to the Corporation bonds for subscription (meaning the Corporation bonds that will be allocated to persons who have subscribed for said Corporation bonds in response to said solicitation; the same shall apply hereinafter):

(i) the total amount of the Corporation bonds for subscription;

(ii) the amount of each of the Corporation bonds for subscription;

(iii) interest rate for the Corporation bonds for subscription;

(iv) the method and deadline of redemption of the Corporation bonds for subscription;

(v) the method and deadline of interest payment;

(vi) when debenture certificates of the Corporation bonds are to be issued, a statement to that effect;

(vii) the amount to be paid in for each of the Corporation bonds for subscription (meaning the amount of money to be paid in exchange for each of the Corporation bonds for subscription; the same shall apply in Article 13, paragraph (2), item (iii));

(viii) due date for a payment of the money in exchange for the Corporation bonds for subscription;

(ix) when it is to be arranged that the Corporation bonds for subscription shall not be issued in their entirety unless the persons to whom the Corporation bonds for subscription will be allocated are not prescribed for the total amount of the Corporation bonds by a certain date, a statement to that effect and that certain date; and

(x) in addition to what is listed in the preceding items, matters specified by an Ordinance of the competent ministries.

- Offer of subscription for Corporation bonds

Article 8. The Corporation shall notify the following matters to the persons who intend to subscribe for the Corporation bonds for subscription in response to solicitation set forth in the preceding Article:

(i) name of the Corporation bonds for subscription;

(ii) matters listed in the items of the preceding Article pertaining to said solicitation;

(iii) when debenture certificates of the Corporation bonds are to be issued, a statement that they are bearer bonds;

(iv) measures for the case where the amount of the Corporation bonds for subscription for which have been offered to subscribe exceeds the total amount of the Corporation bonds for subscription;

(v) if a person is entrusted with the solicitation or administration, his/her trade name or name;

(vi) when the provisions of the Company Bonds, etc. Transfer Act are applicable, a statement to that effect and the trade name of the Institution for Book-entry Transfer (meaning the Institution for Book-entry Transfer prescribed in Article 2, paragraph (2) of the Company Bonds, etc. Transfer Act); and

(vii) in addition to what is listed in the preceding items, matters specified by an Ordinance of the competent ministries.

(2) A person who offers to subscribe for the Corporation bonds in response to the solicitation set forth in the preceding Article shall submit to the Corporation a document specifying the following matters:

(i) name and address of the person who makes an offer;

(ii) the total par value of the Corporation bonds for which he/she intends to subscribe and the number of bonds by par value; and

(iii) for persons who intend to respond to solicitation of the Corporation bonds to which the provisions of the Company Bonds, etc. Transfer Act apply (such bonds are referred to as "transfer Corporation bonds" in Article 10, paragraph (2)), an account opened for their own benefit in order to conduct transfer of said Corporation bonds.

(3) A person who makes an offer set forth in the preceding paragraph may, in lieu of submitting the document prescribed in the same paragraph, and pursuant to the provisions of an Ordinance of the competent ministries, provide the matters to be indicated in such document by electromagnetic means (meaning any of the methods using an electronic data processing system or any other information and communication technology specified by an Ordinance of the competent ministries) with consent of the Corporation. In this case, the person who has made the offer shall be deemed to have submitted the document prescribed in the same paragraph.

(4) The Corporation shall immediately notify a person who has made an offer set forth in paragraph (2) ("Offeror") of any change in the matters listed in the items of paragraph (1) and the matter affected by the change.

(5) It shall be sufficient for a notice or demand to an Offeror to be sent by the Corporation to the address set forth in paragraph (2) item (i) (or to any other place or contact address notified by the Offeror to the Corporation for the receipt of notices or demands).

(6) The notice or demand in the preceding paragraph shall be deemed to have arrived at the time when said notice or demand should normally have arrived.

- Allocation of Corporation bonds for subscription

Article 9. The Corporation shall select from among the Offerors the persons to receive an allocation of the Corporation bonds for subscription, and shall determine the par value and the number of the Corporation bonds for subscription. In this case, the Corporation may reduce the number of each value of the Corporation bonds for subscription to be allocated to such persons. In this case, the Corporation may reduce the number of the Corporation bonds for subscription to be allocated to each Offeror for each name from the number prescribed in paragraph (2) item (ii) of the preceding Article.

(2) The Corporation shall notify the Offeror, no later than the day immediately preceding the date set forth in Article 7, item (viii) of the par value and the number by the name of the Corporation bonds for subscription that will be allocated to each Offeror.

- Special provisions regarding applications for and the allocation of subscription Corporation bonds

Article 10. In the case where a local government subscribes for the Corporation bonds for subscription or a person who has been entrusted with the solicitation of the Corporation bonds for subscription subscribes for the Corporation bonds for subscription by themselves, the provisions of the preceding two Articles shall not apply to such bonds.

(2) In the case of the preceding paragraph, the local government that subscribes for the transfer Corporation bonds or a person who has been entrusted with the solicitation of the transfer Corporation bonds shall show to the Corporation the matters listed in Article 8, paragraph (2), item (iii) at the time of such subscription.

- Right holder of Corporation bonds for subscription

Article 11. Any person listed in the following items shall become right holder to the Corporation bonds for subscription specified in said items:

(i) Offerors: the Corporation bonds for subscription allocated by the Corporation;

(ii) local governments that subscribe for the Corporation bonds: the Corporation bonds for which said local governments subscribe; or

(iii) a person who has been entrusted with the solicitation of the Corporation bonds for subscription subscribes for the Corporation bonds for subscription by themselves: the Corporation bonds for which such person subscribes for.

- Issuance of debenture certificates of Corporation bonds

Article 12. After the day on which debenture certificates of the Corporation bonds with provisions specifying the issuance of debenture certificates of the Corporation bonds are issued, the Corporation shall, without delay, issue said debenture certificates of the Corporation bonds.

(2) The Corporation shall state the matters listed in Article 7, items (ii) through (v), and Article 8, paragraph (1), items (i), (iii) and (v), and the serial number on each debenture certificate of the Corporation bonds, and the President of the Corporation shall affix his/her name and seal on them.

- Nuclear Damage Compensation Facilitation Corporation bonds registry

Article 13. The Corporation shall keep the Nuclear Damage Compensation Facilitation Corporation bonds registry in its main office.

(2) The following matters shall be stated or recorded in the Nuclear Damage Compensation Facilitation Corporation bonds registry:

(i) the matters listed in items (iii) through (vi) and other matters specified by an Ordinance of the competent ministries (referred to as “class” in the following item) as the matters that specify the features of the Corporation bonds;

(ii) for each class, the total amount of the Corporation bonds and the amount of each of the Corporation bonds;

(iii) the amount to be paid in for each of the Corporation bonds and the day of the payment in;

(iv) when debenture certificates of the Corporation bonds are issued, the serial number of debenture certificates of the Corporation bonds, the days of issue and the number of the debenture certificates of the Corporation bonds;

(v) matters listed in Article 8, paragraph (1), items (i), (v) and (vi);

(vi) matters in relation to a payment of principal and interest; and

(vii) in addition to what is listed in the preceding items, matters specified by an Ordinance of the competent ministries.

- Assignment of Corporation bonds with issued debenture certificates of Corporation bonds

Article 14. Assignment of the Corporation bonds for which there is provision to the effect that debenture certificates of the Corporation bonds shall be issued shall not become effective unless the debenture certificates pertaining to said Corporation bonds are delivered.

- Presumption of rights, etc.

Article 15. A possessor of debenture certificates of the Corporation bonds shall be presumed to be the lawful owner of the right in relation to the Corporation bonds pertaining to said debenture certificates.

(2) A person who takes the delivery of debenture certificates of the Corporation bonds shall acquire the rights in relation to the Corporation bonds pertaining to said certificates; provided, however, that this shall not apply if that person has knowledge or is grossly negligent.

- Pledge of Corporation bonds with issued debenture certificates of Corporation bonds

Article 16. Pledges of debenture certificates of the Corporation bonds for which there is provision to the effect that debenture certificates of the Corporation bonds shall be issued, shall not become effective, unless the debenture certificates pertaining to said Corporation bonds are delivered.

- Perfection of pledge of Corporation bonds

Article 17. Pledge of the Corporation bonds cannot be asserted against the Corporation and any other third parties unless he/she is in continuous possession of the debenture certificates pertaining to said Corporation bonds.

- Loss of debenture certificates of Corporation bonds

Article 18. Debenture certificates of the Corporation bonds may be invalidated pursuant to the public notification procedures under Article 142 of the Non Contentious Cases Procedures Act (Act No. 14 of 1898).

(2) A person who has lost debenture certificates of the Corporation bonds may not request the reissuing of his/her debenture certificates until after he/she obtains the invalidation prescribed in Article 148, paragraph (1) of the Non Contentious Cases Procedures Act.

- Redemption of Corporation bonds where coupons missing

Article 19. In the case where the Corporation redeems the Corporation bonds for which a debenture certificate is issued before it matures, when a coupon attached to the Corporation bond is missing, the Corporation shall deduct the amount of the claim for interest on the Corporation bond indicated on such coupon from the redemption amount; provided, however, that this shall not apply if such claim has fallen due.

(2) The possessor of the coupon in the preceding paragraph may demand at any time that the Corporation pays the amount that shall be deducted pursuant to the provision of the same paragraph in exchange for the coupon.

- Extinctive prescription of right to claim redemption of Corporation bonds

Article 20. The right to claim the redemption of the Corporation bonds shall be extinguished by prescription if not exercised for ten years.

(2) The right to claim interest on the Corporation bonds and the right to claim pursuant to the provision of paragraph (2) of the preceding Article shall be extinguished by prescription if not exercised for five years.

- Authorisation for issuing Corporation bonds

Article 21. When the Corporation intends to obtain authorisation for issuing the Corporation bonds pursuant to the provision of Article 60, paragraph (1) of the Act, it shall submit a written application containing the following matters to the competent ministers 20 days prior to the day of the solicitation of the Corporation bonds:

(i) reason for the necessity of issuance of the Corporation bonds;

(ii) matters listed in Article 7, items (i) through (v) and (vii), and Article 8, paragraph (1), items (i), (v) and (vi);

(iii) method of solicitation of the Corporation bonds;

(iv) estimated amount of expenses necessary for issuance of the Corporation bonds; and

(v) in addition to what is listed in the preceding items, matters that are to be stated on the debenture certificates of the Corporation bonds.

(2) The following documents shall be attached to the written application set forth in the preceding paragraph:

(i) a document containing the matters listed in each item of Article 8, paragraph (1);

(ii) a document containing the use of funds raised by issuing the Corporation bonds; and

(iii) a document containing the prospect of subscription of the Corporation bonds.

- Delegation to Ordinances of competent ministries

Article 22. In addition to the matters specified in Articles 5 through 21, any necessary matters concerning the Corporation bonds shall be specified by an Ordinance of the competent ministries.

- Special provisions for Corporation tax

Article 23. In the case where the provision of Article 69, paragraph (1) or paragraph (2) of the Act applies to the nuclear operator set forth in paragraph (1) or paragraph (2) of the same Article in the consolidated business year prescribed in paragraph (1) of the same Article, when calculating the amount of individual income or individual loss prescribed in Article 81-18, paragraph (1) of the Corporation Tax Act (Act No. 34 of 1965) of said nuclear operator, the amount included in the calculation of the amount of deductible expenses pursuant to the provision of Article 69, paragraph (1) of the Act shall be included in the amount of individually attributed deductible expenses prescribed in Article 81-18, paragraph (1) of the Corporation Tax Act, and the amount included in the calculation of the amount of gross profit pursuant to the provision of Article 69, paragraph (2) of the Act shall be included in the amount of individually attributed gross profit prescribed in Article 81-18, paragraph (1) of the Corporation Tax Act.

- Competent ministers and Ordinances of the competent ministries

Article 24. The competent ministers of the Act and this Cabinet Order shall be the ministers specified in each of the following items according to the classification of matters listed in each said item:

(i) matters relating to authorisation pursuant to the provisions of Article 5, paragraph (2), Articles 11, 17 and 19 of the Act, acceptance of opinions pursuant to the provision of Article 24, paragraph (4) of the Act, appointment pursuant to the provision of Article 25, paragraph (1) of the Act, authorisation pursuant to the provision of paragraph (2) of the same Article, dismissal pursuant to the provision of Article 28 of the Act, approval pursuant to the provision of the proviso to Article 29 of the Act, supervision pursuant to the provision of Article 64, paragraph (1) of the Act (excluding supervision to enforce the provisions of Chapters V and VI of the Act), orders pursuant to the provision of paragraph (2) of the same Article (excluding orders to enforce the provisions of Chapters V and VI of the Act), collection of reports and on-site inspections pursuant to the provision of Article 65, paragraph (1) of the Act (excluding collection of reports and on-site inspections to enforce the provisions of Chapters V and VI of the Act), and authorisation pursuant to the provision of Article 66 of the Act: the Prime Minister and the Minister of Education, Culture, Sports, Science and Technology;

(ii) matters relating to authorisation pursuant to the provision of Article 36, paragraph (1) of the Act, acceptance of reports pursuant to the provision of Article 38, paragraph (3) of the Act, publication pursuant to the provision of paragraph (4) of the same Article, authorisation pursuant to the provision of Article 39, paragraph (4) of the Act, consultation pursuant to the provision of paragraph (5) of the same Article of the Act, orders pursuant to the provision of paragraph (7) of the same Article, acceptance of reports pursuant to the provision of Article 42, paragraph (2) of the Act (including the cases where it is applied mutatis mutandis in Articles 43, paragraph (4) and 54, paragraph (3) of the Act), orders pursuant to the provision of Article 42, paragraph (3) of the Act (including cases where it is applied mutatis mutandis in Articles 43, paragraph (4) and 54, paragraph (3) of the Act), certification pursuant to the provision of Article 45, paragraph (1) of the Act, consultation pursuant to the provision paragraph (5) of the same Article (including the cases where it is applied mutatis mutandis in Article 46, paragraph (4) of the Act), publication pursuant to the provision of Article 45, paragraph (6) of the Act (including the cases where applied mutatis mutandis in Article 46, paragraph (4) of the Act), certification pursuant to the provision of Article 46, paragraph (1) of the Act, announcement, collection of reports and orders pursuant to the provision of Article 47, paragraph (1) of the Act, publication pursuant to the provision of Article 47, paragraph (2) of the Act, authorisation pursuant to the provision of Article 52, paragraph (3) of the Act, consultation pursuant to the provision of Article 52, paragraph (4) of the Act, supervision pursuant to the provision of Article 64, paragraph (1) of the Act (limited to the purpose for enforcing the provisions of Chapter V of the Act), orders pursuant to the provision of paragraph (2) of the same Article (limited to the purpose for enforcing the provisions of Chapter V of the Act), and collection of reports and on-site inspections pursuant to the provision of Article 65, paragraph (1) of the Act (limited to the purpose for enforcing the provisions of Chapter V of the Act): the Prime Minister and the Minister of Economy, Trade and Industry; or

(iii) matters relating to authorisation pursuant to the provision of Article 57, paragraph (1) of the Act, consultation pursuant to the provision of paragraph (2) of the same Article, approval pursuant to the provision of Article 58, paragraph (1) of the Act, authorisation pursuant to the provision of Article 60, paragraph (1) of the Act, consultation pursuant to the provision of paragraph (2) of the same Article, authorisation pursuant to the provision of paragraph (6) of the same Article, designation pursuant to the provisions of Article 62, item (i) and (ii) of the Act,

supervision pursuant to the provision of Article 64, paragraph (1) of the Act (limited to the purpose enforcing the provisions of Chapter VI of the Act), orders pursuant to the provisions of paragraph (2) of the same Article (limited to the purpose enforcing the provisions of Chapter VI of the Act), and collection of reports and on-site inspections pursuant to the provision of Article 65, paragraph (1) of the Act (limited to the purpose enforcing the provisions of Chapter VI of the Act), and acceptance of calculations pursuant to the provision of Article 2 paragraph (2) and acceptance of applications pursuant to the provisions of Article 21, paragraph (1): the Prime Minister, the Minister of Education, Culture, Sports, Science and Technology, and the Minister of Economy, Trade and Industry.

(2) The authority of the competent minister prescribed in Article 65, paragraph (1) of the Act does not prevent each respective competent minister from exercising it individually.

(3) Ordinances of the competent ministries prescribed in the Act and this Cabinet Order shall be the Ordinance specified in each of the following items according to the classification of matters listed in each said item:

(i) the Ordinance of the competent ministries prescribed in Article 36, paragraph (2), 39 paragraphs (2) and (3), Article 41, paragraph (1), item (iv), Article 45, paragraph (2), item (viii), Article 46, paragraph (1) and Article 52, paragraph (2) of the Act, and the Ordinance of the competent ministries prescribed in Article 71 of the Act (limited to provisions that specifies matters necessary for enforcing the provisions of Chapter V of the Act, and necessary matters concerning supervision pursuant to the provision of Article 64, paragraph (1), order pursuant to provision of paragraph (2) of the same Article of the Act, and collection of reports and on-site inspections pursuant to the provision of Article 65, paragraph (1) for the purpose of enforcing the provisions of Chapter V of the Act): an order issued by the Prime Minister and the Minister of Economy, Trade and Industry;

(ii) the Ordinance prescribed in the competent ministries in Articles 58, paragraphs (1) and (3), Article 62, item (iii) and Article 63 of the Act, and the Ordinance of the competent ministries prescribed in Article 71 of the Act (limited to provisions that specifies necessary matters concerning supervision pursuant to the provision of Article 64, paragraph (1), orders pursuant to provision of paragraph (2) of the same Article of the Act, and collection of reports and on-site inspections pursuant to the provision of Article 65, paragraph (1) for the purpose of enforcing the provisions of Chapter V of the Act), and the Ordinance of the competent ministries specified in Articles 2, paragraph (2), Article 7, item (x), Article 8, paragraph 1, item (vii) and paragraph 3, Article 13, paragraph (2), item (i) and (vii) and Article 22: an order issued by the Prime Minister, the Minister of Education, Culture, Sports, Science and Technology, and the Minister of Economy, Trade and Industry; or

(iii) the Ordinance of the competent ministries prescribed in Article 71 of the Act (excluding provisions listed in the preceding two items): an order issued by the Prime Minister and the Minister of Education, Culture, Sports, Science and Technology.

Supplementary provisions (extract) (Cabinet Order No. 257 of 2011)

- Effective date

Article 1. This Cabinet Order shall come into effect as from the day of promulgation.

Ordinance on Organisation of the Nuclear Damage Compensation Facilitation Corporation

(Ordinance No. 1 of 2011 of the Cabinet Office and the Ministry of Education, Culture, Sports, Science and Technology)

In order to implement the provisions of the Nuclear Damage Compensation Facilitation Corporation Act, the Ordinance on Organisation of the Nuclear Damage Compensation Facilitation Corporation shall be enacted as follows.

Definitions

Article 1. The terms used in this Ordinance shall have the same meaning as those used in the Nuclear Damage Compensation Facilitation Corporation Act (the "Act").

Application for authorisation of appointment and dismissal of the Management Committee members

Article 2. When the President of the Corporation intends to obtain authorisation pursuant to the provisions of Articles 17 or 19 of the Act, he/she shall submit to the written application for an authorisation to the Prime Minister and the Minister of Education, Culture, Sports, Science and Technology attached to a document containing the following matters:

(i) Name, address and career history of the committee member whom the President intends to appoint or dismiss.

(ii) Pledge that the committee member whom the President intends to appoint does not fall under any of the following persons:

  (a) a bankrupt who has not obtained a restoration of rights; and

  (b) a person who was sentenced to imprisonment without work or more severe punishment and who has not completed the execution of the sentence or to whom the sentence still applies.

(iii) Reason for intending to appoint or dismiss.

Application for authorisation of appointment and dismissal of directors

Article 3. When the President of the Corporation intends to obtain authorisation pursuant to the provisions of Article 25, paragraph (2) or Article 28, paragraph (2) of the Act, he/she shall submit to the written application for authorisation to the Prime Minister and the Minister of Education, Culture, Sports, Science and Technology attached to a document specifying the following matters:

(i) Name, address and career history of the Directors for whom appointment or dismissal is intended.

(ii) Pledge that the directors for whom appointment is intended do not fall under any of the following points:

(a) he/she falls under Article 27 or Article 29 of the Act; and

(b) he/she falls under item (ii) (a) or (b) of the preceding Article.

(iii) Reason for intending to appoint or dismiss.

Application for authorisation of amendment of the articles of incorporation

Article 4. When the Corporation intends to obtain approval pursuant to the provisions of Article 66 of the Act, it shall submit to the written application for authorisation to the Prime Minister and the Minister of Education, Culture, Sports, Science and Technology attached to a document containing the following matters:

(i) matters intended to be amended and content of said amendment;

(ii) reason for the necessity to amend;

(iii) a record of the proceedings of the Management Committee where the amendment was resolved; and

(iv) other matters to be used as a reference.

Personal identification document of inspection personnel

Article 5. A personal identification document carried by personnel who carries out on-site inspection pursuant to the provisions of Article 65, paragraph (1) of the Act shall be specified by the appended form.

Supplementary provisions

This Ordinance shall come into effect as from the day of its promulgation.

Appended form (related to Article 5)

Front

No. _ _

On-site Inspection ID pursuant to Article 65, paragraph (2) of the Nuclear Damage Compensation Facilitation Corporation Act

Position & Name

Photography

DOB YYYY MM DD

Issued YYYY MM DD

(Seal with stamp)

Competent Minister Seal

Back

Extract from the Nuclear Damage Compensation Facilitation Corporation Act

Article 65. When the competent ministers find it necessary for the enforcement of this Act, they may order the Corporation to submit a report concerning its business, or may have his/her officials enter the Corporation's offices to inspect its books, documents or any other objects.

(2) A person who enters and inspects pursuant to the provision of the preceding paragraph shall carry a certificate for identification, and show it to the persons concerned.

(3) The authority concerning the on-site inspection pursuant to paragraph (1) shall not be construed as the one authorised for criminal investigation.

Article 75. When falling under any of the following items, the Corporation's officers or employees shall be punished by a fine not exceeding JPY 500 000:

(ii) When he/she has failed to make a report pursuant to Article 65, paragraph (1) or having made a false report, or has refused, obstructed, or avoided the inspection pursuant to the provisions.

(Remarks) The size of the form shall be JIS B7.

Ordinance on Operation of the Nuclear Damage Compensation Facilitation Corporation

(Ordinance No. 1 of 2011 of the Cabinet Office and the Ministry of Economy, Trade and Industry)

Based on the Nuclear Damage Compensation Facilitation Corporation Act (Act No. 94 of 2011) and the Order for Enforcement of the Nuclear Damage Compensation Facilitation Corporation Act (Cabinet Order No. 257 of 2011), and in order to implement the same Act, the Ordinance on Operation of the Nuclear Damage Compensation Facilitation Corporation is enacted as follows.

Definitions

Article 1. The terms used in this Ordinance shall have the same meaning as those used in the Nuclear Damage Compensation Facilitation Corporation Act (the "Act").

Application for authorisation of amendment to statement of operational procedures

Article 2. When the Corporation intends to obtain authorisation pursuant to the provisions of the latter part of Article 36, paragraph (1) of the Act, it shall attach a document containing the matters listed in the following to application form for authorisation and submit them to the Prime Minister and Minister of Economy, Trade and Industry:

(i) matters intended to be amended and content of said amendment;

(ii) reason for the necessity to amend; and

(iii) other matters to be used as a reference.

Matters listed in statement of operational procedures

Article 3. The matters specified by an ordinance of the competent ministries prescribed in Article 36, paragraph (2) of the Act, are as follows:

(i) matters concerning financial assistance pursuant to the provisions of Chapter V, Section 3 of the Act and other businesses pursuant to the provisions of the same Section;

(ii) matters concerning consultation pursuant to the provisions of Chapter V, Section 4 of the Act and other businesses pursuant to the same section; and

(iii) other methods of business pursuant to the provisions of Article 35 of the Act.

Criteria for setting annual amount of general contribution

Article 4. The criteria specified by an ordinance of the competent ministries, prescribed in Article 39, paragraph (2) of the Act, shall be as follows:

(i) In light of the long-term forecast of the expenses necessary for the Corporation's business, the Corporation shall secure the necessary amount.

(ii) The amount of the contribution of each nuclear operator, as calculated pursuant to the provisions of Article 39, paragraph (1) of the Act, shall satisfy the following criteria from (a) to (b) below:

  (a) it shall secure the funds necessary for the smooth management of business activities of the reactor operation, etc. such as stable supply of electricity by nuclear operators;

  (b) it shall pose no risk of impeding the activities that are found reasonable to the normal implementation of fund procurement, dividends and any other financial activities of nuclear operators; and

  (c) it shall not be expected to have any significant impact on the economic activity, etc. of electricity users; and

(iii) It shall be able to be maintained at a certain level in a stable manner.

Criteria for setting contribution rate

Article 5. The criteria specified by an ordinance of the competent ministries, prescribed in Article 39, paragraph (3) of the Act, shall be as follows:

(i) in the light of the scale, contents and other circumstances of business activities pertaining to the reactor operation, etc., it shall be appropriately set; and

(ii) it shall not be unfairly discriminatory for a certain nuclear operator.

Promissory note

Article 6. The promissory note specified by an ordinance of the competent ministries prescribed in Article 41, paragraph (1), item (iv) of the Act shall be deemed commercial paper.

Matters, etc., described in the Special Business Plan

Article 7. The matters specified by an ordinance of the competent ministries, prescribed in Article 45, paragraph (2), item (viii) of the Act, shall be as follows:

(i) measures to ensure the smooth operation of business by nuclear operators;

(ii) financial condition of the Corporation; and

(iii) matters concerning measures for the appropriate treatment (including measures to ensure the safety, etc. of persons engaged in said treatment) of the commercial power reactors or the commercial reprocessing facilities pertaining to nuclear damage.

(2) Reference materials for the Special Business Plan shall be attached to the Special Business Plan.

Minor changes

Article 8. The minor changes specified by an ordinance of the competent ministries, prescribed in Article 46, paragraph (1) of the Act, shall be as follows:

(i) changes of the trade name or name, location of the head office or principal office, or the title or name of the representative of the Corporation or nuclear operators that submit the Certified Special Business Plan;

(ii) changes of the type of the Financial Assistance (excluding Granting of Funds; hereinafter the same shall apply in this item) (limited to the amendments without increasing the total amount of the Financial Assistance);

(iii) changes of the timing of the Financial Assistance (limited to the amendments within a period not exceeding one year);

(iv) changes of the amount of the Financial Assistance (limited to the amendment reducing the amount);

(v) the necessary changes resulting from the changes set forth in each of the preceding items (limited to changes which do not change the purpose of the Certificated Special Business Plan);

(vi) changes of the matters listed in Article 7, paragraph (1), item (2); and

(vii) in addition to what is listed in the preceding items, changes which do not change the purpose of the Certificated Special Business Plan.

Registration of government bonds

Article 9. When the Corporation has received the issuance of government bonds pursuant to the provisions of Article 48, paragraph (2) of the Act, it shall promptly demand registration of the government bonds pursuant to the provisions of Article 28 of the Government Bond Regulations (Ministry of Finance Ordinance No. 31 of 1922).

Criteria for setting Special Contribution

Article 10. The criteria specified by an ordinance of the competent ministries, prescribed in Article 52, paragraph (2) of the Act, shall be as follows:

(i) it shall secure the funds necessary for the smooth management of business activities of the reactor operation, etc. such as stable supply of electricity by the certified operator; and

(ii) in light of the condition of income and expenditure of a certified operator, it shall require the certified operator to bear as much as possible its burden within the limit that does not impair the financial basis.

Personal identification document of inspection personnel

Article 11. A personal identification document carried by a personnel who carries out on-site inspection pursuant to the provisions of Article 65, paragraph (1) of the Act shall be specified by the appended form.

Supplementary provisions

This Ordinance shall come into effect as from the day of promulgation.

Appended form (related to Article 11)

Front

No. _ _

Inspection ID pursuant to Article 65, paragraph (2) of the Nuclear Damage Compensation Facilitation Corporation Act

Position & Name

Photograph

DOB YYYY MM DD

Issued YYYY MM DD

(Seal with stamp)

Competent Minister Seal

Back

Extract from the Nuclear Damage Compensation Facilitation Corporation Act

Article 65. When the competent ministers find it necessary for the enforcement of this Act, they may order the Corporation to submit a report concerning its business, or may have his/her officials enter the Corporation's offices to inspect its books, documents or any other objects.

(2) A person who enters and inspects pursuant to the provision of the preceding paragraph shall carry a certificate for identification, and show it to the persons concerned.

(3) The authority concerning the on-site inspection pursuant to paragraph (1) shall not be construed as the one authorised for criminal investigation.

Article 75. When falling under any of the following items, the Corporation's officers or employees shall be punished by a fine not exceeding JPY 500 000:

(ii) When he/she has failed to make a report pursuant to Article 65, paragraph (1) or having made a false report, or has refused, obstructed, or avoided the inspection pursuant to the provisions.

Remark: the size of the form shall be JIS B7.

Ordinance on Financial Affairs and Accounting of the Nuclear Damage Compensation Facilitation Corporation

(Ordinance No. 1 of 2011 of the Cabinet Office, the Ministry of Education, Culture, Sports, Science and Technology, and the Ministry of Economy, Trade and Industry)

Based on the Nuclear Damage Compensation Facilitation Corporation Act (Act No. 94 of 2011) and the Order for Enforcement of the Nuclear Damage Compensation Facilitation Corporation Act (Cabinet Order No. 257 of 2011), and in order to implement the same Act, the Ordinance on Financial Affairs and Accounting of the Nuclear Damage Compensation Facilitation Corporation is enacted as follows.

Definitions

Article 1. The terms used in this Ordinance shall have the same meaning as those used in the Nuclear Damage Compensation Facilitation Corporation Act (the "Act").

Accounting principle

Article 2. In order to clarify the financial condition and management performance of the Corporation, the Corporation shall carry out accounting of increase or decrease and change of property, and income and expenditure based on fact that these have accrued.

Establishment of accounts

Article 3. In the accounting of the Corporation, the Corporation shall establish a balance sheet account and a profit and loss account, and if necessary, it shall establish an account to clarify the process of the calculation.

(2) When the Corporation carries out the accounting set forth in the preceding paragraph, it shall state a received amount of the special contribution, the progress situation of implementation of the Special Financial Assistance and any other necessary figures in order to clarify the accounting concerning the Special Financial Assistance.

Contents of budget

Article 4. The budget of the Corporation shall consist of general budget provisions and income and expenditure budgets.

General budget provisions

Article 5. General budget provisions shall include comprehensive provisions pertaining to income and expenditure budgets and the provisions pertaining to the following matters:

(i) with regard to actions to provide for debts pursuant to the provisions of Article 9, an amount of the limit of debts associated with each matter, the term to satisfy the debts based on said actions, and the reason for necessity;

(ii) designation of expenses pursuant to the provisions of Article 10, paragraph (2); and

(iii) in addition to the matters listed in the preceding two items, the necessary matters concerning the implementation of the budget.

Income and expenditure budgets

Article 6. Income and expenditure budgets shall be separated according to the nature of the income, and the purpose for the expenditure.

Attached documentation to budget

Article 7. When the Corporation intends to obtain authorisation for the budget pursuant to the provisions of the first sentence of Article 57, paragraph (1) of the Act, the Corporation shall attach the following documents to the budget and submit them to the Prime Minister, the Minister of Education, Culture, Sports, Science and Technology, and the Minister of Economy, Trade and Industry:

(i) a projected balance sheet and a projected profit and loss statement for the prior business year;

(ii) a projected balance sheet and a projected profit and loss statement for the current business year; and

(iii) in addition to the matters listed in the preceding two items, helpful documents for said budget.

(2) When the Corporation intends to obtain authorisation to make a change to the budget pursuant to the provisions of the second sentence of Article 57, paragraph (1) of the Act, the Corporation shall attach a document listed in items (ii) and (iii) of the preceding paragraph to a document stating the matters that the Corporation intends to change and the reason for this, and shall submit these to the Prime Minister, the Minister of Education, Culture, Sports, Science and Technology, and the Minister of Economy, Trade and Industry.

Contingency funds

Article 8. The Corporation may provide contingency funds with regard to income and expenditure budgets in order to compensate for variances in items of an unpredictable nature in an expenditure budget.

Act to assume debts

Article 9. In addition to debts within the scope of the expenditure budget, the Corporation may, every business year, assume debts within the scope of the amount of the budget with authorisation of the Prime Minister, the Minister of Education, Culture, Sports, Science and Technology, and the Minister of Economy, Trade and Industry as necessary to conduct its business.

Diversion of budgeted funds

Article 10. The Corporation shall not use the funds represented in an expenditure budget for any purpose other than as specified in said budget; provided, however, that if it is appropriate and necessary for the implementation of the budget, the budget funds may be diverted notwithstanding the categories pursuant to the provision of Article 6.

(2) The Corporation shall not divert the amount of expenses designated by general budget provisions to any other expense of these, or to other non designated expense, or apply the contingency funds, without obtaining the authorisation of the Prime Minister, the Minister of Education, Culture, Sports, Science and Technology, and the Minister of Economy, Trade and Industry.

(3) When the Corporation intends to obtain the authorisation set forth in the preceding paragraph, it shall submit documents clarifying the reason for the diversion, the amount of diversion and basis for the estimate to the Prime Minister, the Minister of Education, Culture, Sports, Science and Technology, and the Minister of Economy, Trade and Industry.

Funding plans

Article 11. The financial plan set forth in Article 57, paragraph (1) of the Act shall include plan concerning the following matters:

(i) sources and methods of raising funds;

(ii) uses of funds; and

(iii) other necessary matters.

(2) When the Corporation intends to obtain authorisation for change to the financial plan pursuant to the provision of the second sentence of Article 57, paragraph (1) of the Act, it shall submit a written application stating the matters that the Corporation intends to change and the reason to the Prime Minister, the Minister of Education, Culture, Sports, Science and Technology, and the Minister of Economy, Trade and Industry.

Financial statements

Article 12. The documents specified by an ordinance of the competent ministries prescribed in the provision of Article 58, paragraph (1) of the Act are statement of changes in net assets, statement of cash flows and a document concerning the contributions of each nuclear operator.

Annexed detailed statements

Article 13. The annexed detailed statements set forth in Article 58, paragraph (1) of the Act shall state the following matters:

(i) matters concerning capital subscription to the Corporation:

  (a) capital subscribers and detailed statements of the amount of capital subscription (including increase or decrease from the end of the previous business year for each capital subscriber);

  (b) legal and regulatory grounds; and

  (c) separate accounting of the State pertaining to the capital subscription of the government;

(ii) matters concerning detailed statements of main assets and liabilities:

(a) detailed statements of long-term borrowings (including lenders and increase or decrease from the end of the previous business year for each lender);

(b) detailed statements of the Corporation bonds (including issues (specifying when government-guaranteed bonds have been issued) and increase or decrease from previous business year for each issue);

(c) detailed statements of allowances (including increase or decrease from the end of the previous business year for each type of allowance);

(d) detailed statements of the amount of capital subscription by the Corporation; and

(e) detailed statements of cash and deposits, accrued income, and other main assets and liabilities:

(iii) acquisition and disposition of fixed assets and detailed statements of depreciation charges;

(iv) detailed statements of shares in affiliated companies (meaning companies in which the Corporation substantially holds a majority of the voting rights (hereinafter such companies are referred to as "subsidiary" in this item; in the case where the Corporation and a subsidiary hold or a subsidiary holds a substantial majority of the voting rights of the another company, the another company shall also deemed a subsidiary of the Corporation) and companies in which the Corporation (including a subsidiary in the case where the Corporation has a subsidiary) substantially holds more than twenty percent and less than fifty percent of the voting rights, and is able to have a significant influence on the finance and business policies through capital subscription, personnel affairs, funds, technology, transactions or any other matters; the same shall apply hereinafter):

(a) name of affiliated companies;

(b) amount of per share;

(c) number of shares;

(d) acquisition price; and

(e) amount credited in the balance sheet (including increase or decrease from the end of previous business year);

(v) detailed statements of capital subscription to capitalised organisations;

(vi) detailed statements of claims and obligations to affiliated companies; and

(vii) matters concerning main expenses and profits:

(a) detailed statements of subsidies of the State that have been accepted for the business year and the previous business year or any other equivalent subsidies (hereinafter referred to as “National Subsidies, etc.”; including name of the National Subsidies, etc. accepted in the business year, separate accounting of the State, and explanation of the relationship between National Subsidies, etc. and related subjects in the balance sheet and the profit and loss statement);

(b) detailed statements of remuneration for the officers and employees;

(c) received amount of the special contribution, detailed statements of the progress of implementation of the Special Financial Assistance and any other detailed statements concerning accounting relating to the Special Financial Assistance; and

(d) other detailed statements of expenses and profits that are found to be important based on the business characteristics of the Corporation.

Report of income and expenditure, etc.

Article 14. The Corporation shall, on a quarterly basis, report income and expenditure by the trial balance of totals and balances, and shall report the debts assumed pursuant to the provisions of Article 9 by the amounts as stated by each matter to the Prime Minister, the Minister of Education, Culture, Sports, Science and Technology, and the Minister of Economy, Trade and Industry within one month after the end of every quarter.

Business reports

Article 15. The business reports set forth in Article 58, paragraph (2) of the Act shall state the following matters:

(i) outline of the Corporation:

  (a) contents of business;

  (b) location of offices (including secondary offices);

  (c) amount of stated capital and the amount of capital subscription of the government (including increase or decrease from the end of the previous business year, respectively);

  (d) fixed number of officers, names, appointments, terms of office and backgrounds;

  (e) fixed number of employees (including increase or decrease from the end of the previous business year);

  (f) history of the Corporation (including a statement that the grounds for establishment is the Act);

  (g) statement that the competent ministers are the Prime Minister, Minister of Education, Culture, Sports, Science and Technology, and Minister of Economy, Trade and Industry; and

  (h) matters concerning the Management Committee and any other outline of the Corporation;

(ii) status of business implementation for the business year and the previous business year;

(iii) results of the implementation of the financial plan;

(iv) lenders of sums borrowed, purpose of borrowing and amount of borrowing for the business year and the previous business year;

(v) name, purpose and amount of National Subsidies, etc;

(vi) matters concerning affiliated companies:

  (a) outline of affiliated companies (including a chart systematically showing their relationship to the Corporation);

  (b) matters concerning affiliated companies:

    1. name;

    2. contents of business;

3. location of offices (including secondary offices);
4. amount of stated capital;
5. name of representative;
6. number of officers;
7. number of employees; and
8. corporation's shareholding ratio and any other details of its relationship to the Corporation; and

(vii) issues to be dealt with by the Corporation.

Statement of accounts

Article 16. The statement of accounts set forth in Article 58, paragraph (2) of the Act shall be statements concerning financial statements, and debts.

(2) The statement of accounts set forth in the preceding paragraph shall state the actual results of administration of budget pertaining to the matters prescribed in the general budget provisions pursuant to the provisions of Article 5.

Financial statements, etc.

Article 17. The financial statements set forth in paragraph (1) of the preceding Article shall be prepared pursuant to the same categories of the income and expenditure budgets, and shall state the matters specified in each of the following items in accordance with the categories listed in each of said items:

(i) income: the following matters:
   (a) amount of budgeted income;
   (b) amount of determined income; and
   (c) difference between the amount of budgeted income and of determined income;

(ii) expenditure: the following matters:
   (a) amount of budgeted expenditure;
   (b) amount of contingency funds to be applied, and the reason for such application;
   (c) amount of diversion and the reason for such diversion;
   (d) amount of actual budgeted expenditure;
   (e) amount of determined expenditure; and
   (f) amount of unused budgeted funds for expenditure.

(2) The financial statements concerning debts set forth in paragraph (1) of the preceding Article shall state the amount of debts assumed pursuant to the provisions of Article 9 for each matter.

Inspection period

Article 18. The period specified by an ordinance of the competent ministries prescribed in Article 58, paragraph (3) of the Act shall be five years.

Submitted documents by the Corporation

Article 19. The documents specified by an ordinance of the competent ministries prescribed in Article 2, paragraph (2) of the Order for Enforcement of the Nuclear Damage Compensation Facilitation Corporation Act are documents clarifying the basis for calculation of the amount paid by the Corporation to the Treasury pursuant to the provisions of Article 59, paragraph (4) of the Act.

Application for authorisation of borrowing

Article 20. When the Corporation intends to obtain authorisation to borrow funds pursuant to the provisions of Article 60, paragraph (1) of the Act, the Corporation shall submit an application for authorisation stating the following matters to the Prime Minister, Minister of Education, Culture, Sports, Science and Technology, and Minister of Economy, Trade and Industry:

(i) reason for necessity to the borrow funds;

(ii) amount of the borrowing;

(iii) lenders;

(iv) interest rate on the borrowing;

(v) method and deadline of reimbursement of the borrowings;

(vi) method and deadline of interest payment; and

(vii) in addition to the matters listed in the preceding items, necessary matters concerning the borrowing.

Method of investment of surplus funds

Article 21. The method specified by an ordinance of the competent ministries set forth in Article 62, paragraph (3) of the Act is the money held in trust (limited to the money held in trust with an agreement to compensate any loss of the principal).

Accounting rules

Article 22. The Corporation shall specify accounting rules for its financial affairs and accounting.

(2) When the Corporation intends to specify the accounting rules set forth in the preceding paragraph, it shall obtain the approval of the Prime Minister, Minister of Education, Culture, Sports, Science and Technology, and Minister of Economy, Trade and Industry. The same shall apply when the Corporation intends to change them.

Personal identification document of inspection personnel

Article 23. The personal identification document carried by a personnel who carries out on-site inspection pursuant to the provisions of Article 65, paragraph (1) of the Act shall be specified by the appended form.

Supplementary rules

This Ordinance shall come into effect as from the date of promulgation.

Appended form (related to Article 23)

Front

No. _ _

Inspection ID pursuant to Article 65, paragraph (2) of the Nuclear Damage Compensation Facilitation Corporation Act

Position & Name

Photograph

DOB YYYY MM DD

Issued YYYY MM DD

(Seal with stamp)

Competent Minister Seal

Back

Extract from the Nuclear Damage Compensation Facilitation Corporation Act

Article 65. When the competent ministers find it necessary for the enforcement of this Act, they may order the Corporation to submit a report concerning its business, or may have his/her officials enter the Corporation's offices to inspect its books, documents or any other objects.

(2) A person who enters and inspects pursuant to the provision of the preceding paragraph shall carry a certificate for identification, and show it to the persons concerned.

(3) The authority concerning the on-site inspection pursuant to paragraph (1) shall not be construed as the one authorised for criminal investigation.

Article 75. When falling under any of the following items, the Corporation's officers or employees shall be punished by a fine not exceeding JPY 500 000:

(ii) When he/she has failed to make a report pursuant to Article 65, paragraph (1) or having made a false report, or has refused, obstructed, or avoided the inspection pursuant to the provisions.

Remark: the size of the form shall be JIS B7.

Outline of the Nuclear Damage Compensation Facilitation Corporation Act

August 2011

Cabinet Secretariat

1. Objective of the Act

In response to the large-scale nuclear damage due to the accident at the Tokyo Electric Power Company ("TEPCO")'s Fukushima Daiichi and Daini nuclear power plants, the Government will take every possible measure to support the compensation for nuclear damage in accordance with the basic policy of "aiming to minimise the burden to be placed on the public" in order to ensure to:

(1) take every possible measure for prompt and appropriate compensation for damage;

(2) stabilise the condition of TEPCO's Fukushima nuclear power plant and avoid any adverse impact on related business operators, etc. dealing with the accident; and

(3) supply stable electricity which is indispensable for people's living;

in recognition of its social responsibility as the promoter of nuclear policy to date.

2. Outline of the Act

Taking into account the possible payment of a large amount of nuclear damage compensation related to the nuclear business, the Government shall build, under the concept of mutual support among nuclear operators, a framework by which to establish a support organisation (the Nuclear Damage Compensation Facilitation Corporation) that enables nuclear operators to deal with future compensation payment for nuclear damage and associated transactions.

(1) Establishment of the Nuclear Damage Compensation Facilitation Corporation and receipt of contributions from nuclear operators

As the support organisation dealing with compensation payment for nuclear damage and associated transactions in case of an occurrence of nuclear damage, the Nuclear Damage Compensation Facilitation Corporation (the "Corporation") shall be established and it shall reserve funds in preparation for nuclear damage compensation.

The Corporation shall receive contributions from nuclear operators, as expenses necessary for the Corporation's business.

The Corporation shall have a third party committee (the "Management Committee") which makes resolutions with respect to business operation of the Corporation, including resolutions on financial assistance to a nuclear operator.

(2) Normal financial assistance by the Corporation

If a nuclear operator is in need of assistance by the Corporation in order to compensate nuclear damage, the Corporation shall grant financial assistance (such as granting of funds, share subscription, loan of funds and acquisition of bonds, etc.) after obtaining a resolution of the Management Committee.

In order to raise funds necessary for the financial assistance, the Corporation may issue government guaranteed bonds and borrow funds from financial institutions.

(3) Special financial assistance by the Corporation

(i) Certification of the Special Business Plan

When the Corporation needs to receive special government aid for giving financial assistance to a nuclear operator, the Corporation shall, jointly with the nuclear operator, prepare a "Special Business Plan" and apply for certification of the competent ministers.

The Special Business Plan shall include the forecast of the total amount of compensation, measures for implementing prompt and appropriate compensation for damage, the contents and the amount of financial assistance, measures for rationalisation of management, request for co-operation to stakeholders in order to secure the funds necessary for performance of compensation for nuclear damage, and measures for clarification of management responsibility.

Upon preparing of the Special Business Plan, the Corporation shall value the nuclear operator's assets strictly as well as objectively and review its business management thoroughly, and shall also confirm whether the requests for co-operation to relevant persons (stakeholders) made by the nuclear operator are appropriate and sufficient.

The competent ministers shall grant certification of Special Business Plan, following mutual consultation with heads of relevant administrative organs.

(ii) Support to a nuclear operator based on the Special Business Plan

In order to grant financial assistance (Special Financial Assistance) under the Special Business Plan, after receiving the certification of the competent ministers, the Government shall grant government bonds to the Corporation, and then the Corporation requests for reimbursement of (raising cash through) the government bonds and grant necessary funds to the nuclear operator.

The Government may grant additional necessary funds to the Corporation within the amount prescribed by the budget, only when the Government finds that the funds to be allocated for compensation are likely to be insufficient even after granting the government bonds.

The Corporation may raise funds by issuing government guaranteed bonds, etc. in order to support the nuclear operator.

(4) Payment to the Treasury by the Corporation

The nuclear operator, which has received financial assistance from the Corporation, shall pay a special contribution.

From the contributions, etc., the Corporation shall make payments to the Treasury until the repayment reaches the amount of reimbursement of government bonds.

However, the Government may grant necessary funds to the Corporation only when the Government finds that specifying an excessive amount of contributions leads to the risk of obstructing stable supply of electricity and any other operations, or of causing

unexpected disruption in the lives of the citizenry and the national economy by imposing extreme burden on the users of the business.

(5) Facilitation of smooth implementation of compensation for damage

In order to facilitate the payment of nuclear damage compensation, the Corporation may (i) provide necessary information and give advice in response to consultation requests from the affected people, (ii) purchase assets possessed by the nuclear operator, and (iii) implement affairs concerning compensation payment on behalf of the nuclear operator upon entrustment by the nuclear operator, and temporary payment[1] on behalf of the nuclear operator upon entrustment by the State and prefectural governor.

(6) Accounting

The Corporation shall manage contribution figures for each nuclear operator.

3. Effective date

The Act shall come into effect on the day of promulgation. The Government shall:

(1) review the responsibility of the State pertaining to the compensation of nuclear damage and its involvement, and shall take necessary measures including fundamental review of amending the Compensation Act, etc. based on the result of these review;

(2) review the status of enforcement of this Act including the burden among TEPCO, the Government and other nuclear operators, and the burden on shareholders and any other relevant persons of TEPCO, etc., and shall take necessary measures based on the result of this review; and

(3) review the responsibility of the State for the nuclear energy policy, etc. based on the review of the policy on energy including improving systems pertaining to electricity supply, and shall take necessary measures including fundamental review of acts concerning nuclear energy.

1. Temporary payment on behalf of the nuclear operator by the State based on the Act on Emergency Measures Related to Damage Caused by the 2011 Nuclear Accident.

Framework of government support to the Tokyo Electric Power Company to compensate for nuclear damage caused by the accident at Fukushima Daiichi nuclear power plant

14 June 2011

Cabinet Decision

Regarding the accident at the Tokyo Electric Power Company ("TEPCO")'s Fukushima Daiichi nuclear power plant (the "accident"), TEPCO published on 17 April the "Roadmap towards Restoration from the Accident". The Government will request TEPCO to ensure the stable implementation of this roadmap in a manner as timely as possible, and will make regular follow-ups and monitor the progress of work as well as necessary safety checks. In order to achieve a stable condition through cooling of the reactor cores as soon as possible, the Government will gather together all knowledge, technologies and other available resources from Japan and abroad and take every possible measure available.

With respect to the serious damage suffered by residents and business operators due to the accident, TEPCO has recently stated that it will compensate damage fairly and promptly under the Act on Compensation for Nuclear Damage (the "Compensation Act"). TEPCO had also requested government support as it has financial difficulty due to the accident caused by the Great East Japan Earthquake, etc.

In response to the request, the Government has required TEPCO to confirm whether TEPCO would implement the following policies and TEPCO confirmed that it would do so: (1) no limitation should be imposed in advance on the amount of compensation to be granted and relief should be implemented in a prompt and appropriate manner; (2) the utmost efforts must be paid to stabilise the condition of TEPCO's Fukushima Daiichi nuclear power plant, the safety and living environment of workers at the Daiichi nuclear power plant should be improved and adequate attention should be paid to their economic aspects; (3) necessary expenses should be secured for stable electricity supply and for the safety of equipment, etc.; (4) except for the above, rationalisation of management and cost reduction should be sought to the utmost extent; (5) the actual conditions of management and finance should be examined by a third party committee established by the Government, in order to implement strict asset valuation and complete re-examination of costs, etc.; and (6) co-operation of all stakeholders should be sought and especially the status of co-operation from financial institutions should be reported to the Government.

The Government must ensure to (1) take every possible measure for prompt and appropriate compensation for damage, (2) stabilise the condition of TEPCO's Fukushima Daiichi nuclear power plant and avoid any adverse impact on related business operators, etc. dealing with the accident and (3) supply stable electricity which is indispensable for people's living.

In recognition of the Government's social responsibility on nuclear energy policy, which has been promoted through the co-operation between the government and nuclear operators, the government will support TEPCO under the framework of the Compensation Act, basically aiming to minimise the burden to be placed on the public.

Under the current situation, the Government will establish a framework that also enables nuclear operators to deal with future payments of compensation for nuclear damage, etc. and will ask nuclear operators other than TEPCO to participate in the framework.

The Government will facilitate examination to review the energy policy including the future of Japan's electricity business, and implement necessary reforms. The Government should create a framework that won't interfere with such examination and reforms and will further examine, after a certain amount of time, whether the victims have been provided adequate relief, whether a stable electricity supply is ensured, whether the stability of financial markets is ensured etc., and will take additional measures if necessary.

Specific support framework

As the framework of the government support for TEPCO, the Government will establish a general support framework for nuclear operators as described below.

1. A support organisation (the "Corporation") will be established and deal with payments, etc. of compensation in case of occurrence of nuclear damage.

2. Basically, electric utilities that operate nuclear power plants (nuclear operators) are obligated to participate in the Corporation. The participants are required to pay contributions to the Corporation to enable the Corporation to procure adequate funds. The contributions will be paid by the business operators as operating expenses.

3. The Corporation will support (including Granting of Funds, maintaining capital, etc.) any nuclear operators in need of funds for paying compensation for nuclear damage. No upper limit will be imposed on the assistance, and the assistance will be provided as many times as necessary and will cover all amounts that are necessary for compensation for damage, investment in facilities, etc. in order to prevent nuclear operators from incurring excessive debts.

4. The Government or the Corporation will provide consultation for victims of nuclear damage. The Corporation will take proper measures in order to facilitate smooth payment of compensation, including purchase of assets a nuclear operator.

5. The Government will provide necessary aid to the Corporation including granting of government bonds and government guarantee, etc.

6. Prior to initiation of the aid, the Government, in response to request from a nuclear operator, will examine the details of necessary aid, rationalisation of management, etc. and will supervise (authorise, etc.) the nuclear operator for a certain period of time with respect to rationalisation of management, etc.

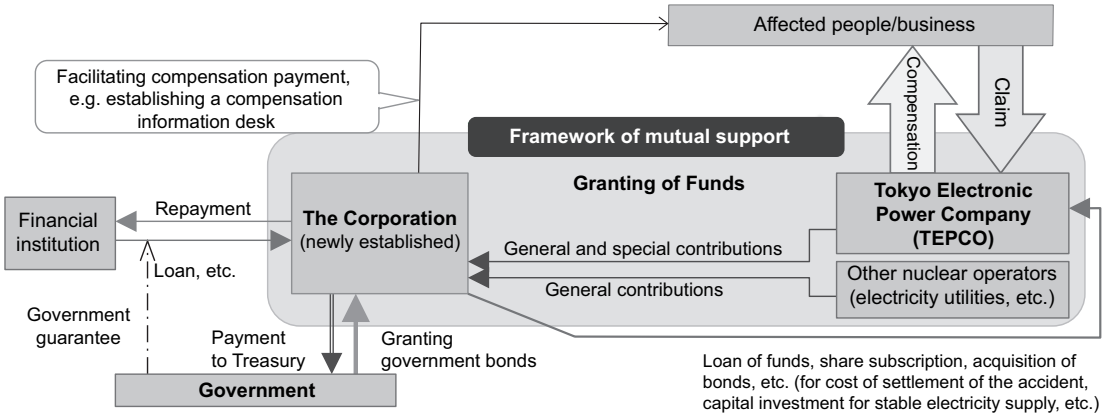
7. If a nuclear operator receives support from the Corporation, the nuclear operator will pay a special contribution to be set taking into account the operating revenue of each year as well as other factors.

8. The Corporation will pay to the Treasury necessary amounts from the contributions, etc. paid by nuclear operators.

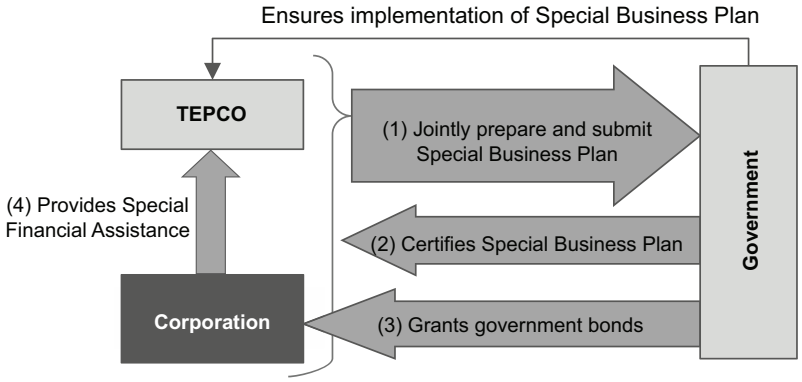
9. A legal provision will be stipulated to the effect that, in an exceptional case such as when nuclear operators have difficulties in maintaining stable electricity supply due to the payment of contributions, the Government will be able to provide subsidy to the Corporation.

Figure 5: Compensation support by Nuclear Damage Compensation Facilitation Corporation

5.1: General financial assistance



5.2: Special Financial Assistance system



Note: When preparing a Special Business Plan, the Corporation shall strictly evaluate TEPCO's assets, thoroughly review its business operations and check that its request for co-operation of parties concerned is appropriate and sufficient.

Contents of Special Business Plan

1. Circumstances of nuclear damage.
2. Forecast of compensation amount and compensation procedure.
3. Medium-term plans concerning the business and the balance of payments.
4. Measures for rationalisation of management.
5. Measures to request co-operation of relevant parties.
6. Valuation of assets and income/expenditure conditions.
7. Measures to clarify management responsibility.
8. Contents and amounts of financial assistance, etc.

Act on Emergency Measures Related to Damage Caused by the 2011 Nuclear Accident

(Act No. 91 of 2011)

Purpose

Article 1. The damage caused by the nuclear plant accident following the Pacific Ocean earthquake off the coast of the Tohoku district that occurred on 11 March 2011 was unprecedented in its scale and long-term duration, and in consideration of the need to provide prompt relief to the parties who sustained damage as a result thereof, as well as special circumstances such as the time needed to pay compensation for specified nuclear damage to such parties, as an emergency measure related to the emergency countermeasures associated with said damage, this Act specifies the necessary matters concerning the prompt and appropriate payment of provisional payments by the State in order to indemnify damage caused by the 2011 nuclear accident and support local public entities that have established emergency funds for nuclear damage, based on the role to be performed by the State in connection with the measures related to said damage.

Definitions

Article 2. In this Act, "specified nuclear damage" means damage for which nuclear operators ("nuclear operator" as defined by Section 2 paragraph 3 of the Act on Compensation for Nuclear Damage (Act No. 147 of 1961); likewise hereinafter) are liable based on the provisions of Section 3 paragraph 1 of said Act.

Payment of provisional payments

Article 3. The State shall make provisional payments to parties who have sustained specified nuclear damage as defined by cabinet order, in accordance with the provisions of this Act, in order to indemnify said specified nuclear damage.

2. Based on the provisions of the preceding paragraph, the payment of provisional payments by the State shall be prompt in order to provide relief for parties who have sustained specified nuclear damage, and shall be appropriate from the perspective of the burden on the public.

Amount of provisional payment

Article 4. The amount of a provisional payment in relation to the specified nuclear damage sustained by a party pursuant to the provisions of Article 3-1 is an amount calculated by multiplying a ratio of not less than five tenths, as defined by cabinet order, to the approximate value of said specified nuclear damage, using a simplified method defined by cabinet order based on materials submitted by said party, which are defined by cabinet order. However, if submitting said materials by said party is deemed to be difficult, the amount shall be calculated by multiplying said ratio to an amount of said specified nuclear damage estimated based on the circumstances such as the region in

which said party lives or carries out their business and/or the type of said specified nuclear damage, as defined by cabinet order.

2. The cabinet orders under Article 3-1 and the preceding paragraph shall be defined based on the matters defined in the guidelines under Section 18 paragraph 2 ii) of the Act on Compensation for Nuclear Damage in relation to the compensation of specified nuclear damage as defined by the Dispute Reconciliation Committee for Nuclear Damage Compensation, in order to contribute to the prompt relief of parties who sustained specified nuclear damage.

Claim for provisional payment

Article 5. A party seeking to receive a provisional payment must make a claim to the competent ministers, as specified by cabinet order.

2. If inheritance, merger or demerger occurs to a party who has the right to receive a provisional payment (but only where said party transfers a business associated with the specified nuclear damage stipulated under Article 3-1), and said party had not claimed a provisional payment before their death, dissolution or demerger, said party's heir, the corporation continuing after the merger or established as a result of the merger, or the corporation inheriting said business as a result of the demerger, may claim payment of said party's provisional payment in their own name.

3. If there are two or more heirs of the same rank who can receive payment of a provisional payment in accordance with the provisions of the preceding paragraph, a claim by one of the heirs shall be regarded as a claim for the full amount for all of the heirs, and payment to one of the heirs shall be regarded as a payment to all of the heirs.

Assistance with preparation of documents, etc.

Article 6. Organisations of which the business operator is directly or indirectly a member, including local public entities and agricultural co-operatives, fisheries co-operatives, chambers of commerce, and commerce and industry associations, shall endeavour to provide the necessary assistance in the preparation of the required documents for the claim, in order to facilitate the party's claim for the provisional payment.

Provision of materials and request for other co-operation, etc.

Article 7. If deemed necessary in order to make payment of the provisional payment promptly and appropriately, the competent ministers may request the local public entities, concerned nuclear operators or other public or private organisations to provide materials or otherwise co-operate or seek confirmation as necessary.

Processing of administrative work, etc.

Article 8. Part of the administrative work associated with the payment of provisional payments may be carried out by prefectural governors, as defined by cabinet order.

2. When establishing the cabinet order under the preceding paragraph, due consideration should be given so as not to impose an excessive burden on prefectural governors.

3. The competent ministers, or prefectural governor carrying out part of the administrative work related to the payment of provisional payments pursuant to the provisions of paragraph 1, may commission an appropriate party as defined by cabinet order to carry out part of such business related to the payment of provisional payments (excluding the determination and issuance of expenditure based on the Public Accounts Act (Act No. 35 of 1947)).

4. The competent ministers, or prefectural governor carrying out part of the administrative work related to the payment of provisional payments pursuant to the provisions of paragraph 1, may issue the necessary funds required for payment of the provisional payment to the party defined by cabinet order pursuant to the provisions of the preceding paragraph.

5. A party receiving funds pursuant to the provisions of the preceding paragraph shall be regarded as an employee who has received funds based on the provisions of Article 17 of the Public Accounts Act, and shall be subject to the provisions of said Act, as well as the Act on the Responsibility of Employees, etc. who execute the Budget (Act No. 172 of 1950) and other applicable laws. In this case, any necessary technical change in interpretation shall be defined by cabinet order.

6. Agricultural co-operatives, fisheries co-operatives and other organisations specified in cabinet order may receive the commission of administrative work based on the provisions of paragraph 3, notwithstanding the provisions of other laws, and carry out said administrative work.

7. A party, their director or employee, or a party who was formerly such a party who has received the commission of administrative work based on the provisions of paragraph 3 shall not divulge any secrets they have learned in relation to receiving the commission of such administrative work without valid reason.

8. If a prefectural governor carries out part of the administrative work related to the payment of provisional payments, or commissions such administrative work pursuant to the provisions of paragraph 3, the State shall assume the full amount of the costs necessitated for processing and commissioning said administrative work, within the scope of the budget, as defined by cabinet order.

9. When the provisions of the preceding paragraph apply, the State shall provide the necessary assistance to the applicable prefecture and enact other measures to ensure smooth implementation, in addition to the provisions of said paragraph.

10. With regard to the payment of provisional payments, the heads of related governmental bodies shall co-operate with the competent ministers, with the prefectural governor carrying out part of the administrative work related to the payment of provisional payments pursuant to the provisions of paragraph 1, or with the party who has received the commission of such administrative work pursuant to the provisions of paragraph 3.

Relationship to compensation for damage

Article 9. When a party who has sustained specified nuclear damage pursuant to the provisions of Article 3-1, or a party who can claim payment of a provisional payment in their own name pursuant to the provisions of Article 5-2, has received compensation for said specified nuclear damage (including where defined by cabinet order as being a monetary payment equivalent thereto), no provisional payment shall be made up to the amount of such compensation.

2. When the State has made a provisional payment, it acquires the right of the party who received said provisional payment to claim compensation for specified nuclear damage, up to the amount thereof.

3. In the case of the preceding paragraph, the State shall immediately exercise this right to claim compensation.

Refund of provisional payment

Article 10. If the amount of compensation for specified nuclear damage for a party who has received a provisional payment has been finalised, said party shall refund the

monetary difference if the amount of the compensation is less than the amount of the provisional payment.

Collection of dishonest gain

Article 11. If a party has received a provisional payment through deceit or other dishonest means, the competent ministers may collect from the party a sum equivalent to the full or partial amount of the received provisional payment, based on the same rules as those for the collection of national tax.

2. Regarding the order of the lien for money collected pursuant to the provisions of the preceding paragraph, the collection shall come after national tax and local tax.

Protection of right to receive payment of a provisional payment

Article 12. The right to receive payment of a provisional payment shall not be assigned, pledged as collateral, or seized.

Taxation measures

Article 13. The State and local public entities shall enact the necessary taxation measures with regard to received provisional payments, with due consideration for the circumstances of the party who has sustained specified nuclear damage.

Emergency fund for nuclear damage

Article 14. If local public entities establish an emergency fund for nuclear damage as a fund under Article 241 of the Local Government Act (Act No. 67 of 1947), in order to fully or partially cover the costs necessitated by operations taken by the local public entities related to emergency measures based on the Act on Special Measures concerning Nuclear Emergency Preparedness (Act No. 156 of 1999) or related legislation with regard to damage arising from the 2011 nuclear accident, and the operations of local public entities (limited only to emergency measures to prevent or mitigate the impact of the 2011 nuclear accident on the economy or lives of the residents within the district, or in order to achieve recovery from the effects thereof) that could be subject to financial measures under Article 85-4 of the Act on Special Accounts (Act No. 23 of 2007), the State may support said local public entities by providing the necessary funds for this fund, in part or in full, within the scope of the budget.

2. If local public entities have enacted measures associated with specified nuclear damage, covering the costs thereof from the emergency fund for nuclear damage, the provisions of the preceding paragraph shall not preclude the State from claiming from the applicable nuclear operator an amount up to a sum equivalent to the amount of financial support provided pursuant to the provisions of said paragraph.

3. When operating the provisions of paragraph 1, the State shall pay due consideration to the views of the related local public entities.

Competent ministers

Article 15. The competent ministers under this Act shall be the Minister for Education, Culture, Sports, Science and Technology, the minister with jurisdiction over the business of a business operator which sustained specified nuclear damage, and ministers defined by other cabinet orders.

Entrustment to cabinet order

Article 16. In addition to the provisions of this Act, any procedures for the implementation of this Act and any other necessary matters in relation to the execution of this Act shall be defined by cabinet orders.

Penal provisions

Article 17. A party who violates the provisions of Article 8-7 shall be punished with imprisonment of up to one year or a fine of up to JPY 1 million.

Supplementary provisions

Date of enforcement

1. This Act is enforced from the date defined by cabinet order, provided that this is not later than 45 days from the date of its promulgation.

Application

2. The provisions of Article 3-1 shall also apply to a party who sustained specified nuclear damage pursuant to the provisions of said paragraph, who died or was subject to merger or demerger before the enforcement of this Act.

Securing of financial resources

3. In order to contribute to securing the financial resources for the costs necessitated by the payment of provisional payments and support for local public entities that have established emergency funds for nuclear damage, the State shall endeavour to utilise its assets, surplus and reserves, review expenditures and take other measures.

Review

4. Approximately two years or less from the effectiveness of this Act, the State shall review the provisions of this Act, based on the status of damage compensation payments by nuclear operators connected with the 2011 nuclear accident and the status of implementation of this Act, etc., and enact the required measures based on the results thereof, if deemed necessary.

5. Concerning the system for compensation of nuclear damage, a review shall be conducted promptly in order to contribute to prompt relief for the parties who sustained nuclear damage, and the necessary measures enacted based on the results thereof.

Incidental Resolution to the Act on Emergency Measures Related to Damage Caused by the 2011 Nuclear Accident

26 July 2011

House of Representatives Special Committee on Recovery from the Great East Japan Earthquake

Upon the effectiveness of this Act, the government shall comprehensively implement the following matters:

1. With regard to the payment of provisional payments, achieve organic co-ordination with new, separately implemented schemes, etc., in order to effect prompt and appropriate compensation of nuclear damage, etc.

2. Quickly establish a system for the payment of provisional payments in order to provide prompt relief for the victims, and strive to make prompt payments.

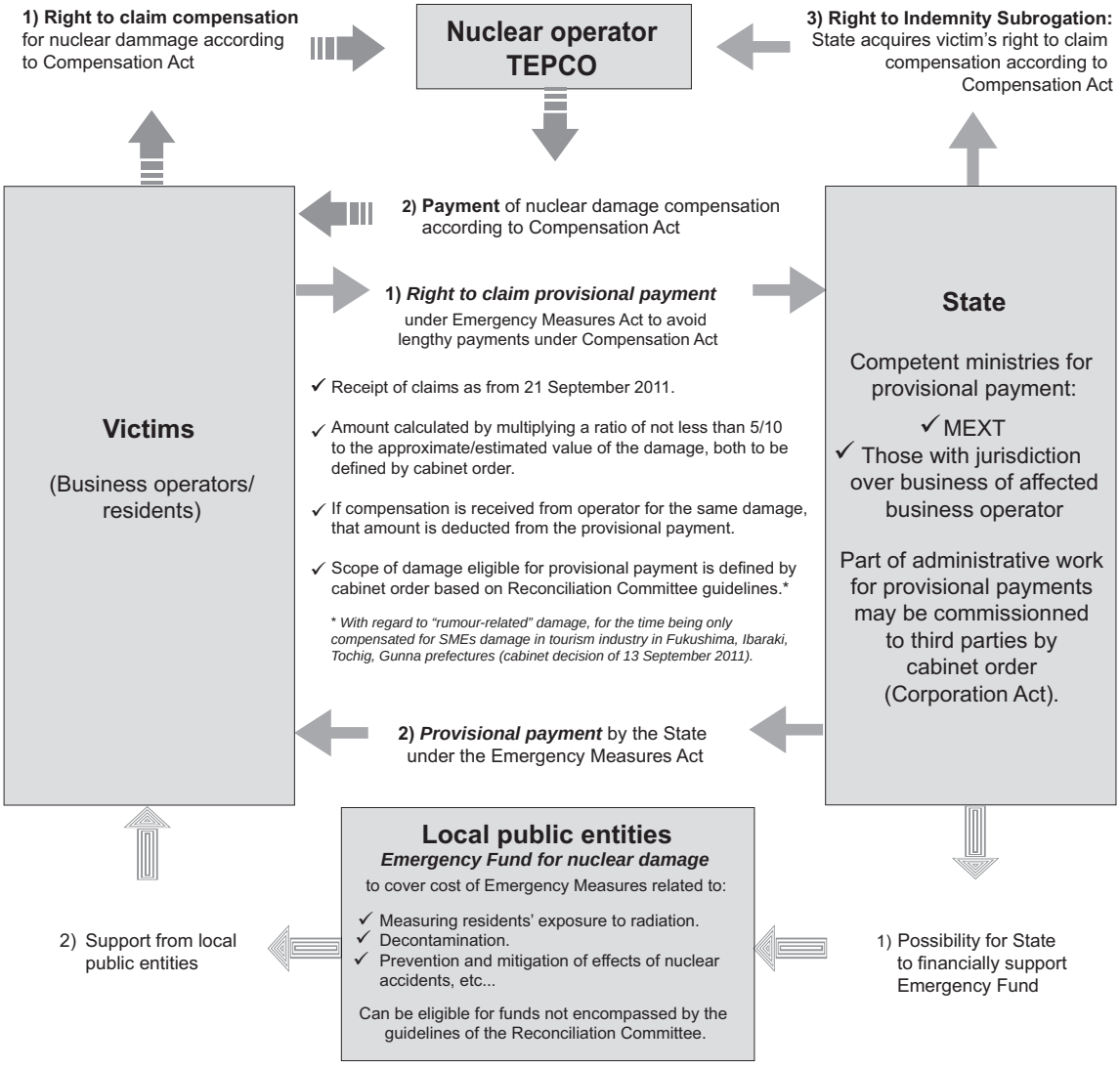
3. With regard to the payment of provisional payments, enact the necessary measures to ensure that there is no burden on the public, including conducting procedures to verify in advance that nuclear operators satisfy the indemnification claims of the State.

4. Enact the necessary measures to prevent confusion and delays in the implementation of provisional payments by nuclear operators and the State, respectively.

5. Address the near-term costs necessitated by this Act through the Great East Japan Earthquake recovery and reconstruction contingency funds, etc. included in the current fiscal year's second supplementary budget.

Figure 6: Outline of the Act on Emergency Measures Related to Damage Caused by the 2011 Nuclear Accident

(Promulgated on 5 August 2011, in force on 18 September 2011)



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Japan's Compensation System for Nuclear Damage

Following the TEPCO Fukushima Daiichi nuclear power plant accident, extraordinary efforts were undertaken in Japan to implement a compensation scheme for the proper and efficient indemnification of the affected victims. This publication provides English translations of key Japanese legislative and administrative texts and other implementing guidance, as well as several commentaries by Japanese experts in the field of third party nuclear liability.

The OECD Nuclear Energy Agency (NEA) has prepared this publication in co-operation with the government of Japan to share Japan's recent experience in implementing its nuclear liability and compensation regime. The material presented in the publication should provide valuable insights for those wishing to better understand the regime applied to compensate the victims of the accident and for those working on potential improvements in national regimes and the international framework for third party nuclear liability.

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