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*United States v. Aegean Shipping
Management S.A.*

2:16-CR-0551-MBS

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF SOUTH CAROLINA
CHARLESTON DIVISION

UNITED STATES OF AMERICA)	
)	Case No. <u>2:16-cr-00551-MBS</u>
v.)	
)	<u>PLEA AGREEMENT</u>
AEGEAN SHIPPING MANAGEMENT,)	
S.A.,)	
)	
Defendant.)	

Pursuant to Federal Rule of Criminal Procedure 11(c)(1)(C), this Plea Agreement is made this _____ day of _____, 2016, between the United States of America (“Government”), as represented by Assistant Attorney General John C. Cruden of the Environment and Natural Resources Division, Environmental Crimes Section Trial Attorney Christopher Hale, Environmental Crimes Senior Trial Attorney Kenneth Nelson, Acting United States Attorney Beth Drake, and Assistant United States Attorney Matt Austin, and the defendant, AEGEAN SHIPPING MANAGEMENT, S.A., (“ASM”), and its attorney, George M. Chalos;

IN CONSIDERATION of the mutual promises made herein, the parties agree as follows:

1. **CHARGES.** The defendant agrees to plead guilty to Count One, Violation of the Act to Prevent Pollution from Ships (“APPS”) for the knowing failure to maintain an accurate the Oil Record Book for the *T/V Green Sky* (33 U.S.C. § 1908(a), 18 U.S.C. § 2) and Count Five, Obstruction of an Agency Proceeding (18 U.S.C. § 1505), of the Indictment in the above-captioned matter. Once the defendant is sentenced and otherwise fully complies with all of its obligations under this Plea Agreement, the Government will dismiss the remaining counts against Defendant ASM.

2. **ELEMENTS.** In order to sustain its burden of proof, the Government is required to prove the following elements beyond a reasonable doubt:

Count One - APPS Knowing Failure to Maintain Oil Record Book

- (a) The vessel in question is 400 gross tons and above and engaged in non-coastwise trade;
- (b) The defendant knowingly failed, or caused the failure, to maintain an accurate Oil Record Book; and
- (c) The failure to maintain an accurate Oil Record Book occurred within the navigable waters or a port or place within the District of South Carolina.

Count Five - Obstruction of an Agency Proceeding

- (a) Within the District of South Carolina;
- (b) The defendant did or endeavored to corruptly influence, obstruct, or impede;
- (c) The due and proper administration of the law;
- (d) Under which any pending proceeding was had under any department or agency of the United States.

3. **MAXIMUM PENALTIES.** Pursuant to 18 U.S.C. § 3571(c)(2), (c)(3) & (d), as Defendant ASM is a corporation, the maximum penalty for Counts One and Five, on a per count basis, is a fine of the greater of \$500,000, or twice the gross gain or loss. The defendant is also subject to five years of probation. There is a mandatory special assessment of \$400 per count, which is due at sentencing.

4. **FACTUAL BASIS.** The defendant, by and through the acts and omissions of its agents and employees, acting within the scope of their agency and employment and with the intent to benefit defendant, voluntarily accepts criminal responsibility for the offenses set forth in Counts One and Five of the Indictment. The defendant also agrees that the following joint factual statement is a true and accurate statement, which provides a sufficient basis for defendant's plea

of guilty to Counts One and Five. Defendant further agrees that had this matter proceeded to trial, the following facts would be established beyond a reasonable doubt through competent evidence and testimony:

- (a) The *T/V Green Sky* (“*Green Sky*”) is a 30,263 gross ton, ocean-going vessel that operates as a petroleum and chemical tanker. The vessel is approximately 600 feet in length, is registered in Liberia, and has an International Maritime Organization number of 9676515. The vessel is owned by an entity incorporated in the Marshall Islands, Aegeansun Gamma, Inc.
- (b) On August 26, 2015, shortly after the *Green Sky* arrived in the port of Charleston, South Carolina, crewmembers alleged to the U.S. Coast Guard (“Coast Guard”) that on multiple occasions they had bypassed the ship’s Oily Water Separator, a required piece of pollution equipment, and discharged oily bilge waste overboard in violation of MARPOL. The discharges occurred with the knowledge and at the direction of certain more senior ship personnel at various times in 2015. Such discharges were not recorded in the vessel’s Oil Record Book.
- (c) During a Coast Guard examination of the *Green Sky* on August 26, 2015, inspectors reviewed the ship’s Oil Record Book, a required log in which all overboard discharges of oil must be recorded. The Oil Record book contained false entries and omissions that intentionally concealed the illegal bypassing of the Oily Water Separator.
- (d) In pleading guilty, defendant admits that between on or about August 25, 2015, through on or about September 1, 2015, in the Port of Charleston, South Carolina, and within the internal waters of the United States and in the District of South Carolina, the defendant, by and through the acts and omissions of its agents and employees, acting with the intent to benefit the defendant, did knowingly fail to accurately maintain the Oil Record Book for the *Green Sky*.
- (e) Captain Genaro Anciano, the Master of the *Green Sky*, pleaded guilty on February 18, 2016, for his role in obstructing the Coast Guard’s proceeding. He served as the ship’s Master from on or about July 20, 2015, until on or about September 4, 2015. Defendant ASM understands and agrees that it is liable for the acts and omissions of Captain Anciano committed in the furtherance and for the benefit of ASM and as set forth below.
- (f) On or about August 23, 2015, and prior to the arrival of the *Green Sky* in the United States, one of the ship’s oilers (“Oiler X”) gave Captain Anciano a resignation letter. This letter did not contain any specific reasons for Oiler X’s resignation. The Master forwarded the letter to ASM and ASM requested further details, including the reason(s) for his resignation. On or about August 24, 2015,

another oiler (“Oiler Y”) also gave the Captain a letter of resignation that did not provide any specific reasons for his resignation.

- (g) On or about the morning of August 25, 2015, Oiler X presented the Captain with another letter (dated August 23, 2015) containing reasons for his resignation. The letter offered the following as one of the reasons he did not wish to continue his contract on the *Green Sky*:

We are being ordered to pump-out overboard every n[o]w and then. After having [d]one so one particular time, [C]hief Engineer ordered me to remove the “magic” [d]evice being used to pump bilge overboard. After having ordered me to remove [s]aid device, [C]hief Engineer told me that he had it remove[d] because I might blow the [t]he whistle on him regarding this practice and I might tell American authorities of [t]his. Whether it was meant to sound serious or in jest, I was very offended that he [w]ould immediately assume that of me, and more[so], verbally express it to me. I found that to be offensive and presumptuous [sic] of him to do so. Especially since the [o]rders to pump bilge overboard come from them, the engineers. We oilers, even if [w]e are not that comfortable to pump bilge overboard, in respect to marpol [sic] policies, [a]re still obliged to do so because it is what is being ordered to us. I for one, do not [w]ant to continue to be a part of the practice.

- (h) On August 26, 2015, Coast Guard inspectors interviewed Captain Anciano. He understood that this interview was part of a MARPOL and Port State Control examination of the *Green Sky*. When asked about bypassing the Oily Water Separator, Captain Anciano falsely stated that he had no knowledge of any bypass of the Oily Water Separator or overboard discharges of oily bilge waste. Captain Anciano falsely stated that the Oilers’ resignation letters failed to identify reasons for their resignations. At the end of the interview, the Coast Guard gave the Captain a Witness Statement Form to complete.
- (i) On or about August 28, 2015, Captain Anciano provided a completed Witness Statement Form to the Coast Guard that contained false statements and omissions and was designed to conceal relevant information and allegations of illegal conduct. During a second interview on or about August 28, 2015, the Coast Guard confronted the Master with Oiler X’s second resignation letter. Captain Anciano falsely told the USCG that he had never seen it before. The false statements made by the Captain to the Coast Guard were designed to conceal the nature and extent of MARPOL violations.
- (j) In pleading guilty, defendant admits that on or about August 26-28, 2015, in the Port of Charleston, South Carolina, Captain Anciano, an agent and/or employee,

acting within the scope of his agency or employment, and with the intent to benefit defendant, did corruptly influence, obstruct and impede and endeavor to influence, obstruct and impede a Coast Guard vessel examination of the *Green Sky*.

5. FORFEITURE. Without prejudice to the collection of any fine or monetary judgment against the defendant, the Government is not seeking the forfeiture of any of the defendant's assets.

6. RESTITUTION. The Parties to this agreement are not aware of any applicable restitution.

7. SENTENCING GUIDELINES. The defendant understands that the Court has the jurisdiction and final authority to impose the sentence. In this Plea Agreement, the parties have agreed and stipulated to specific aspects of the sentence, *e.g.*, criminal fine, length and conditions of probation, Environmental Compliance Plan, and community service payment. Pursuant to Federal Rule of Criminal Procedure 11(c)(1)(C), the Court can elect to accept the stipulated sentence as a whole or reject the proposed sentence as a whole, but the Court cannot modify the proposed sentence's terms without the mutual consent of the parties. If the Court rejects this Plea Agreement, it is further agreed that the defendant may withdraw its guilty plea. If the Court rejects the Plea Agreement, the Government would be permitted to withdraw from the Plea Agreement.

The parties agree that the 2016 U.S. Sentencing Commission Guidelines Manual will be used in this case. The parties further agree that the provisions of Chapter 8 of the Guidelines Manual, which pertain to fines imposed on corporate defendants, such as the defendant, do not apply to environmental offenses. *See* USSG §8C2.1 and USSG §8C2.10. The parties agree that the remaining provisions of Chapter 8 of the Guidelines Manual, including community service

and probation, apply to the defendant. *See* USSG §8B1.3; *see also* 18 U.S.C. § 3563(b)(12) (community service as part of a criminal sentence).

8. PROBATION AND ENVIRONMENTAL COMPLIANCE PLAN. The defendant shall be sentenced to a probation term of three years. In addition to whatever probation conditions might be imposed by the Court, the defendant shall be subject to the following Special Condition of Probation:

Special Condition No. 1

At its own expense and at no expense to the Government, the defendant shall implement an Environmental Compliance Plan (“ECP”), attached as Exhibit A, and incorporated herein. The defendant shall fully implement the ECP within 30 days of the date of sentencing.

9. FINE. The defendant shall pay a criminal fine of \$1,700,000. The parties agree and stipulate that this amount is consistent with 18 U.S.C. § 3571. The parties further agree that \$1,000,000 of the fine shall be deemed to have been derived from Count One. The fine is payable in installments. The first \$700,000 of the fine shall be paid from the liquidation of the \$1,000,000 bond referenced in the Agreement on Security, also known as the Surety Agreement, with the U.S. Coast Guard. The remaining \$1,000,000 in fine money shall be paid in installments due at 12, 24, and 35 months of sentencing.¹

10. COMMUNITY SERVICE PAYMENT. In addition to the fine, on the date of sentencing, the defendant shall be responsible for a one-time community service payment of \$300,000 to the Gray's Reef National Marine Sanctuary Foundation, a 501(c) tax-exempt organization established to fund and support conservation activities at the Gray’s Reef National

¹ The Government shall set forth its position on any whistleblower award at a time prior to sentencing, but after the trial of any remaining co-defendants. The defendant agrees not oppose or otherwise take any position or make any submission with regard to any whistleblower award.

Marine Sanctuary. The \$300,000 shall be taken from the liquidation of the surety bond with the U.S. Coast Guard. The payment address is Gray's Reef National Marine Sanctuary Foundation, 10 Ocean Science Circle, Savannah, GA 31411. The payment shall be utilized exclusively for scientific research, environmental monitoring, and resource protection, including seaborne transportation for such purposes, in the Gray's Reef National Marine Sanctuary. Projects shall be designed so that funding will be fully expended by no later than 48 months of sentencing. The recipient shall prepare and provide to the parties and the U.S. probation office annual reports detailing expenditures, goals, progress, results, and future plans. The defendant shall not be permitted to take any tax offset or deduction for the community service payment.

11. APPELLATE AND OTHER WAIVERS. The Defendant is aware that 18 U.S.C. § 3742 and 28 U.S.C. § 2255 afford every defendant certain rights to contest a conviction and/or sentence. Acknowledging those rights, the Defendant, in exchange for the concessions made by the Government in this Plea Agreement, waives the right to contest either the conviction or the sentence in any direct appeal or other post-conviction action, including any proceedings under 28 U.S.C. § 2255. This waiver does not apply to claims of ineffective assistance of counsel, prosecutorial misconduct, or future changes in the law that affect the defendant's sentence. This Agreement does not affect the rights or obligations of the Government as set forth in 18 U.S.C. § 3742(b). Nor does it limit the Government in its comments in or responses to any post-sentencing matters. The defendant understands that the Government might not preserve any evidence obtained in this case and in no way shall the defendant rely on the Government preserving evidence for any purpose. ASM hereby waives any claim to any physical evidence, papers, or electronic media in the possession, custody, or control of the Government. The defendant waives any further disclosure or discovery from the Government. ASM further

waives any and all rights under the Freedom of Information Act relating to the investigation and prosecution of the above-captioned matter and further agrees not to file a request for case-related documents from any agency or department of the Executive Branch. Further, the defendant waives any right to seek attorney's fees or litigation expenses under 18 U.S.C. § 3006A (the "Hyde Amendment"), and the defendant acknowledges that the Government's position in the instant prosecution was not vexatious, frivolous, or in bad faith. The defendant further agrees that it and its agents waive any and all claims against the United States Coast Guard, U.S. Department of Homeland Security, or agent, employee, or contractor of either governmental entity, which relate to any aspect of the inspection, examination, and detention of the *Green Sky*, including any related surety or security agreement. The defendant waives all defenses and claims with regard to statute of limitations, laches, or any other arguments that any aspect of the charges is time-barred. Finally, the defendant waives any challenge to venue.

12. GOVERNMENT'S OBLIGATIONS. As part of this Agreement and solely because of the promises made by Defendant in this Agreement, the government agrees not to criminally prosecute the Defendant in the District of South Carolina for any of the other offenses set forth in the pending indictment or for any other related environmental offenses that are known to the government at the time of the signing of this Agreement. Defendant understands and agrees that neither this paragraph nor this Agreement limits the prosecuting authority of any sections or divisions of the Department of Justice, including the U.S. Attorney of any other judicial district, or any other federal, state or local regulatory or prosecuting authorities. Furthermore, this Agreement does not provide or promise any waiver of any civil or administrative actions, sanctions, or penalties that may apply, including but not limited to: fines, penalties, claims for damages to natural resources, suspension, debarment, listing to restrict

rights and opportunities of Defendant to contract with or receive assistance, loans, and benefits from United States agencies, licensing, injunctive relief, or remedial action to comply with any applicable regulatory requirement. This Agreement applies only to crimes committed by the Defendant and has no effect on any proceedings against any Defendant not expressly mentioned herein, including the actual or potential criminal liability of any individuals.

13. CO-DEFENDANT. As part of the understandings and agreements set forth herein, and in consideration of Defendant's guilty pleas, and upon the acceptance of this plea agreement by the Court and sentencing of the Defendant, the government will dismiss the charges against Aegeansun Gamma, Inc., a related entity that owns the *Green Sky* the terms of which have been reduced to a separate agreement with defendant Aegeansun Gamma, Inc.

14. PARTIES BOUND BY THE PLEA AGREEMENT. This Plea Agreement is only binding upon Defendant ASM, and the U.S. Attorney's Office of the District of South Carolina and the Environmental Crimes Section of the Environment and Natural Resources Division of the U.S. Department of Justice.

15. CORPORATE RESOLUTION. Contemporaneous with the execution of this Plea Agreement, the defendant has provided the United States with a corporate resolution, attached hereto as Exhibit B, (a) identifying the corporate representative, (b) authorizing the entry of the guilty plea, including the completion and signing of related exhibits, court forms, and paperwork, (c) acknowledging the financial obligations as to fine, community service, and special assessment, (d) pledging to make timely payments under the terms of the Plea Agreement, and (e) warranting that the resolution was in accordance with corporate formalities, company bylaws, and the applicable laws of Greece.

16. **ORGANIZATIONAL CHANGES.** The defendant shall not, through a change of name, business reorganization, bankruptcy, insolvency, receivership, sale or purchase of assets, divestiture of assets, or similar action, seek to avoid the obligations and terms set forth in this Plea Agreement. This Agreement, together with all of the obligations and terms hereof, shall inure to the benefit of and shall bind partners, assignees, successors-in-interest, or transferees of the defendant.

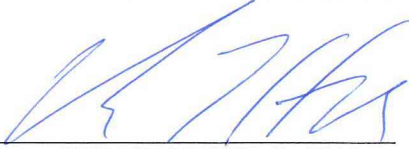
17. **MERGER AND COMPLETE AGREEMENT.** The parties hereby agree that this Plea Agreement contains the entire agreement of the parties; that this Plea Agreement supersedes all prior promises, representations and statements of the parties; that this Plea Agreement shall not be binding on any party until the Defendant tenders a plea of guilty to the court having jurisdiction over this matter; that this Plea Agreement may be modified only in writing signed by all parties; and that any and all other promises, representations and statements, whether made prior to, contemporaneous with or after this Agreement, are null and void. The only exception to the foregoing is the Joint Motion for Dismissal pursuant to Federal Rule of Criminal Procedure 48, which concerns the co-defendant ASG, and the accompanying General Release of ASG.

AGREED AND ACCEPTED

BETH DRAKE
Acting United States Attorney
Division

JOHN C. CRUDEN
Assistant Attorney General for the
Environment and Natural Resources


By: AUSA MATT AUSTIN


By: CHRISTOPHER L. HALE
KENNETH NELSON
Environmental Crimes Section

On behalf of the Defendant Aegean Shipping Management, I have been authorized by a corporate resolution to sign this Agreement and bind Aegean Shipping Management. Aegean Shipping Management has been advised by its attorneys of its rights, of possible defenses, of the applicable Sentencing Guideline provisions, and of the consequences of entering into this Agreement. Aegean Shipping Management voluntarily agrees to all of the terms of this Agreement, including the Joint Factual Statement contained herein and the Environmental Compliance Plan



 Georgia Panousi
 President and Director
 Aegean Shipping



11/17/2016
 Date

I am counsel for Aegean Shipping Management and I have discussed every part of this Agreement with its authorized representatives. I have fully advised the authorized representatives of Aegean Shipping Management of its rights, of possible defenses, of the applicable Sentencing Guidelines' provisions, and of the consequences of entering into this Agreement. To my knowledge, the decision of Aegean Shipping Management to enter into this Agreement is informed and voluntary.



 George M. Chalos
 Counsel for Defendant

11-17-16
 Date

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ATTACHMENT A
Environmental Compliance Plan

PURSUANT TO PLEA AGREEMENT

United States v. Aegean Shipping Management, S.A.

The following standards and requirements for an ENVIRONMENTAL COMPLIANCE PLAN (ECP) have been prepared pursuant to the Plea Agreement between Aegean Shipping Management, S.A. (hereinafter "ASM") and the United States (hereinafter "Government") filed in the United States District Court for the District of South Carolina. Compliance with all of the standards and requirements of the ECP is an essential term of the Plea Agreement.

The ECP includes various provisions to ensure that all vessels directly or indirectly owned, operated, technically managed, manned and/or controlled by ASM comply with all maritime environmental requirements established under applicable international, flag state and port state law, including, but not limited to the International Convention for the Safety of Life at Sea (SOLAS), the International Safety Management (ISM) Code, the International Convention for Prevention of Pollution from Ships (MARPOL) and all applicable Federal and state statutes and regulations including, but not limited to, the Ports and Waterways Safety Act (PWSA), the Act to Prevent Pollution from Ships (APPS), the Clean Water Act (CWA), and the Oil Pollution Act (OPA), and with the requirements of this agreement itself. The auditing requirements of this ECP apply all vessels that are owned, operated, technically managed, or manned by ASM which call at U.S. ports or that carry a Certificate of Financial Responsibility ("COFR"), issued pursuant to the Oil Pollution Act of 1990 ("OPA 90"). As more fully set forth below, this ECP and its requirements will also apply to vessels that ASM acquires or assumes management of during the period of probation and will call at US ports or that carry a COFR issued pursuant to the OPA 90.

The vessels currently owned, operated, technically managed, and/or manned by AEGEAN as of the date of signing of this ECP are:

M/T RIZOPON - IMO # 9167148

M/T JENNY - IMO # 9247895

M/T ROSE - IMO # 9313761

M/T GREEN PLANET - IMO # 9669914

M/T GREEN SEA - IMO # 9669926

M/T GREEN SKY - IMO # 9676515

M/T GREEN HELLAS - IMO # 9676527

A. APPLICABILITY/PURPOSE

- (1) This ECP shall cover and apply to all of ASM operations involving seagoing vessels calling in United States ports which are owned (wholly or partially), operated, technically managed or manned by ASM on the date of sentencing (as set out above) and at any time during the period of probation. Such vessels shall include all vessels that have or will call at US ports or that carry a COFR issued pursuant to the OPA 90 (hereafter referred to as the "Covered Vessels.")
- (2) The ECP is not intended to replace the ISM Code, or any other applicable international legal requirement or United States statute and regulation. The purpose of this ECP is to augment the requirements of existing law by increasing and improving inspections, reviews, and audits of ASM operated and/or managed vessels, shoreside facilities, and operations involving said vessels; increase training of all of ASM personnel involved with said vessels; develop and implement management and engineering controls to better manage, detect and prevent environmental violations; and require periodic reports to the United States Probation Office for the District of South Carolina, the United States Attorney's Office for the District of South Carolina, the Environmental Crimes Section of the United States Department of Justice, and the United States Coast Guard (collectively hereinafter "the United States") to ensure that ASM is following the requirements of this ECP and that all of its vessels comply with all maritime environmental requirements established under applicable international, flag state, and port state law and all applicable Federal and state statutes and regulations, and that an effective environmental management system is in place to prevent recurrence of violations.

B. CORPORATE COMPLIANCE MANAGER

- (1) Within sixty (60) days of entry of the Plea Agreement, ASM shall designate a senior corporate officer as Corporate Compliance Manager (hereinafter "CCM") who shall report directly to the President and/or Managing Director of ASM. ASM shall provide the name of the CCM to the United States. The CCM could be the same individual as ASM's "designated person" under the ISM Code unless reasons are provided to the United States justifying why the "designated person" should not also be the CCM. The CCM shall be responsible for coordinating with the Outside Consultant (hereinafter "OC"), as more fully described below, developing and implementing all of the procedures and systems required herein, establishing and implementing training programs for the officers and crew of ASM operated and/or managed vessels, ensuring that reviews, audits and surveys are carried out as required and ensuring that all documents are properly maintained and that reports are made on a timely basis to the CAM and the United States. All reports required under this ECP shall be reviewed by the CCM and signed under the penalty of perjury.
- (2) ASM shall establish a procedure and reporting system that requires and enables all officers, crewmembers and employees, and shoreside personnel involved in the manning and/or operation of ASM's seagoing vessels, including all persons working for ASM's, its subsidiaries, affiliated business entities (owned wholly or partially by ASM) and agents of ASM as either direct employees or independent contractors, to notify the CCM of all violations of any applicable environmental requirements or other requirements of this ECP and to cooperate fully with the CAM and the United States in carrying out their reviewing, auditing and oversight functions required by applicable law and this ECP. ASM agrees to establish a procedure that makes failure to notify the CCM of any violations of any applicable environmental requirements and failure to

cooperate fully with the Classification Societies, the CAM and the United States in carrying out their auditing and oversight functions required by applicable law and this ECP, grounds for dismissal. ASM agrees not to retaliate against any officer, crewmember, employee, or shoreside personnel involved in the manning and/or operation of ASM seagoing vessels, including all persons working for ASM, its subsidiaries, affiliated business entities (owned wholly or partially by ASM) and agents of ASM as either direct employees or independent contractors or entity making any such report.

- (3) The CCM shall be authorized to access all records and personnel regarding all vessels subject to the ECP for the purpose of ensuring compliance with the ECP. The CCM shall be authorized to implement all requirements of the ECP on all vessels subject to the ECP. The CCM shall ensure that audits and surveys are carried out as required, that all documents are properly maintained and that reports are made on a timely basis to the U.S. Probation Office, CAM, the designated representative of the Coast Guard, and ASM. The CCM position will be filled by an individual(s) with significant maritime vessel operational background, who possesses auditing experience and is thoroughly familiar with the requirements of this ECP, and is knowledgeable about domestic and international maritime environmental laws and regulations.

CCM Responsibilities:

(a) Development and Maintenance of Effective Training Programs

- To the extent not already completed, the CCM will be responsible for developing training programs to educate and train ASM employees of their environmental commitment, the requirements of the ECP, the policies and procedures for complying with the ECP, and the possible consequences to ASM and to individuals for failure to comply with environmental laws.
- Provide environmental consultants and contractors of ASM with documents and training to make them aware of the ECP.

(b) Auditing and Compliance Assessment

- Verify that the CAM conducts the review and audits required by the ECP and that the required reports are prepared.

(c) Fleet Reviews

- Supervise annual overall reviews of the environmental compliance programs and "focused" reviews of key environmental areas to promote the adoption of "best practices".

(d) Reporting of Non -Compliance by Employees and Crew Members

- Establish a means by which employees may report (anonymously if the employee so desires) issues of non-compliance with this ECP and any other procedure, policy, or regulation associated with environmental protection. All such reports must be promptly provided in the original form to the CAM. During the period of probation, the CCM must immediately

advise the CAM of any issue that adversely impacts ASM's compliance with all applicable laws and regulations and the EMS/ECP.

C. MASTER AND CHIEF ENGINEER

- (1) The Master of each of ASM vessel subject to this ECP shall ensure that prompt reports are made to the CCM of any non-compliant condition of any of ASM vessel.
- (2) The Chief Engineer on board all vessels subject to this ECP shall perform the following duties regarding this ECP:
 - To daily measure, monitor and manage shipboard generated wastes;
 - Report to the CCM and cooperate with ASM to resolve environmental concerns, such as inoperative or ineffective pollution prevention equipment and document all efforts to do so in a log that is available for review and audit at all times.

D. OUTSIDE ECP CONSULTANT AND ENVIRONMENTAL AUDITS

- (1) As of the execution of this ECP, ASM has already secured the services of Compliance Systems Inc. as an Outside Consultant ("OC") to provide auditing and assessment services for its fleet. ASM may continue to employ Compliance Systems Inc. in this capacity throughout the duration of probation. All audits performed by the OC will be shared with the United States. The OC shall continue to focus on environmental compliance in ASM's fleet and will further ensure compliance with this ECP.

E. ENVIRONMENTAL MANAGEMENT SYSTEM

- (1) The CCM shall be responsible for establishing an Environmental Management System (EMS). To the extent possible, the EMS shall be based upon the ISO 14001 / 2004 standards. The EMS shall include the following core requirements:
- (2) Environmental Policy:

The EMS should be based upon a documented and clearly communicated policy. This policy should set out the ASM commitment towards a cleaner marine environment. It should include:

- (i) provision for compliance with environmental requirements;
 - (ii) commitment to continuous improvement in environmental performance, including those areas required by this ECP;
 - (iii) commitment to pollution prevention that emphasizes source reduction, to include funding and human resources necessary to effectively maintain and repair the systems, equipment and components found in machinery spaces of vessels;
 - (iv) commitment to continuous reduction of environmental risks; and
 - (v) commitment to sharing information with external stakeholders on environmental performance.
- (3) Communication of Environmental Requirements:

The EMS must provide a means to identify, explain, and communicate all environmental requirements, and any additional best practices or industry norms which ASM may choose to adopt,

to ASM employees, and other vendors, technicians or non-crewmembers engaged in the waste-stream management of ASM operated vessels. The EMS must also specify procedures for incorporating changes in operations or environmental requirements into the communication plan.

(4) Objectives and Targets:

- (a) The EMS shall establish specific objectives and targets for:
 - (i) achieving and maintaining compliance with all marine environmental protection requirements and the requirements of this ECP;
 - (ii) environmental performance demonstrating continuous improvement in regulated and non-regulated areas;
 - (iii) pollution prevention that emphasizes source reduction with respect to machinery space waste streams and effective management of cargo related wastes; and
 - (iv) sharing information with external stakeholders on environmental performance against all EMS objectives and targets.
- (b) The EMS shall establish appropriate time frames to meet these objectives and targets. These must be documented and updated as environmental requirements change or as modifications occur in activities and structures within organizations in a manner that affects environmental performance or as a result of recommendations made by the OC or other Auditor.

(5) Structure, Responsibility and Resources:

ASM will ensure that it is equipped with sufficient personnel and other resources to meet its objectives and targets. The EMS will describe in detail the procedures and steps for achieving those objectives and targets. The EMS will define the compliance roles and responsibilities of all vessel and shoreside personnel involved with the operation maintenance and repair of ASM vessels, and will indicate how they and other corporate personnel will be held accountable for achieving and maintaining compliance with this EMS, and other requirements of that EMS, and other marine environmental protection requirements. The EMS will also establish procedures for receiving and addressing concerns raised by ASM employees and others regarding environmental performance and compliance.

(6) Operational Control:

The EMS will identify and provide for the planning and management of all of ASM operations and activities with a view to achieving the ECP objectives and targets. For example, vessel deck department and engine room machinery space maintenance and repair will be an important aspect in achieving and maintaining compliance and enhancing environmental performance.

(7) Corrective and Preventive Action and Emergency Procedures:

- (a) ASM, through its EMS, will establish and maintain documented procedures for preventing, detecting, investigating, promptly initiating corrective action, and reporting (both internally and externally) any occurrence that may affect the organizations ability to achieve the ECP objectives and targets.
- (b) Such measures must address incidents that may have an effect on compliance with environmental requirements as well as on environmental performance in regulated and non-

regulated areas, including requirements of this ECP, or other marine environmental protection requirements. Examples of such situations include incinerator or oily water separator malfunctions, overflows of fuel or slop tanks, overflow of tanks within machinery spaces, fuel oil, lube oil, saltwater line failures, operator errors and other accidental releases.

- (c) The EMS must also establish documented procedures for mitigating any adverse impacts on the environment that may be associated with accidents or emergency situations. If the environmental violation or incident resulted from a weakness in the system, the EMS should be updated and refined to minimize the likelihood of such problems recurring in the future. The EMS should also, to the extent possible, provide for the testing and evaluation of emergency procedures.

(8) Training, Awareness and Competence:

The EMS must establish procedures to ensure that all personnel (including vendors, technicians, and other non-crewmembers) whose job responsibilities affect the ability to achieve the ECP objectives and targets, have been trained and are capable of carrying out these responsibilities. In particular, the training should highlight means to enhance the ability of such personnel to ensure compliance with environmental requirements and voluntary undertakings, the requirements of the ECP, and other marine environmental protection requirements.

(9) Organizational Decision-making and Planning:

The EMS must describe how these elements will be integrated into the ASM overall decision-making and planning, in particular, decisions on capital improvements, training programs, and vessel operations, maintenance, and repair activities.

(10) Document Control:

The EMS must establish procedures to ensure maintenance of appropriate documentation relating to its objectives and targets and should also ensure that those records will be adequate for subsequent evaluation and improvement of the operation of the EMS. Additionally, all records will be maintained and made available to the OC, auditors and port and flag state personnel.

(11) Continuous Evaluation and Improvement:

- (a) The EMS must include methods to perform periodic, documented and objective internal auditing of the organization's performance in achieving these objectives and targets, and on how well the ECP assists the organization in achieving those objectives and targets. This requirement is independent from the auditing requirements detailed elsewhere in this plan. The goal of these internal audits and reviews will be to allow management to continuously monitor and assess vessel systems, equipment and components, and the ability and proficiency at which vessel crew members and personnel ashore comply to the policies and procedures established by this ECP.
- (b) The EMS will identify an ongoing process for assessing when a vessel is to be taken out of service for an environmental discharge related repair, such as when a discharge is caused by leaking stern tubes, thrusters or other equipment.
- (c) The EMS will include organization charts, as appropriate, that identify shoreside and vessel individuals having environmental performance, risk reduction, and regulatory compliance responsibilities. The charts shall also specify responsibilities of Port Captains, Port Engineers, and Engineering Superintendents to report information related to environmental releases or

inadequate performance of environmental pollution protection equipment, casualties causing internal spills, excessive waste development and leaking equipment with oil-to-sea interfaces.

- (d) The EMS will promote non-retaliatory practices and ensure that employees are not punished or otherwise suffer negative consequences for reporting violations of environmental laws, regulations, or policies.
- (e) The EMS will describe potential consequences for departure from specified operating policies and procedures, including possible termination of employment, as well as criminal/civil/administrative penalties as a result of noncompliance.
- (f) The EMS will make employee compliance with environmental policies of the ECP, and other marine environmental protection requirements a positive factor, and failure to comply a negative factor, in all evaluations undertaken for the performance of all its employees.
- (g) The EMS will include policies against any incentive or bonus programs based on minimizing operational costs associated with the operation, maintenance and repair of machinery space systems, equipment and components to ensure that employees do not avoid such costs and thereby sacrifice environmental compliance.
- (h) The EMS will describe a confidential non-compliance reporting system that is adopted to ensure that employees may quickly and confidentially report discharges, spills, environmental incidents and other environmental performance data.
- (i) The EMS will identify all operations and activities where documented standard operating practices (SOPs) are needed to prevent potential violations or unplanned waste stream releases, with a primary emphasis on vessel engine room operations, systems, equipment and components and cargo residue management.
- (j) The EMS will identify the types of records developed and maintained in support of the ECP such as reports, audit working papers, correspondence, communications, reports from the confidential system for non-compliance reporting, and identify personnel responsible for their maintenance, and procedures for responding to inquiries and requests for release of information, The EMS shall provide a system for conducting and documenting routine, objective self-inspections by AEGEAN internal auditors, supervisors, and trained staff to check for malfunctions, deterioration, and inadequate maintenance of pollution prevention equipment, worker adherence to SOPs, unusual situations, and unauthorized releases.

F. COURT APPOINTED MONITOR

As part of the ECP, AEGEAN agrees to pay for a Court Appointed Monitor (hereinafter "CAM") that will report to the Court and the United States during the entire period of probation. The CAM can, at ASM's option, serve concurrently in the additional capacity of Outside Consultant ("OC") under the terms of this Agreement. Within thirty (30) days of the entry of the imposition of sentence ASM will

submit a list of three qualified candidates for the CAM from which the United States will select one of the candidates. In the event that the United States does not find one of the candidates satisfactory, at any time it may request ASM to supply additional candidates. Further, if an agreement cannot be reached regarding the selection, the decision shall be left up to the Court.

- (1) Qualified candidates for the CAM position must have expertise and competence in the regulatory programs under U.S. and international environmental laws, and have expertise and competence in waste stream evaluation, monitoring and control technologies, with a primary emphasis on engine room and machinery space operations, used by ASM to achieve and maintain compliance in respect to ASM seagoing vessels subject to this ECP. The CAM shall also have sufficient expertise and competence to assess whether ASM has an adequate Environmental Management System in place to assess regulatory and ECP compliance, to correct non-compliance, and to prevent future non-compliance.
- (2) The CAM must not directly own any stock in ASM, any of its subsidiaries, affiliated business entities (owned wholly or partially by ASM) or any agents of ASM, and must have no other direct financial stake in the outcome of duties conducted Pursuant to this Plea Agreement. The CAM must be capable of exercising the same independent judgment and discipline that a certified public accounting firm would be expected to exercise in auditing a publicly held corporation. If ASM has any other contractual relationship with the CAM, both ASM and the CAM shall disclose to the United States such past or existing contractual relationships.
- (3) If the United States determines that the proposed CAM does not reasonably meet the qualifications set forth in the previous paragraphs, or that past or existing relationships with the CAM would affect the CAM's ability to exercise the independent judgment and discipline required to conduct the ECP review and evaluation, such CAM shall be disapproved and another CAM shall be proposed by ASM within thirty (30) days of ASM's receipt of the United States' disapproval.
- (4) During the first year of probation, the CAM shall conduct a round of audits of ASM operations (vessel and shoreside) including all (100 percent) of ASM covered vessels while the vessels are underway. These audits should take place on voyages of short duration (3-4 days) to the maximum extent practical. However, during this first year, the CAM will not, absent reasonable grounds, re-audit the four vessels that had previously been audited by Compliance Systems, Inc. that occurred after the Coast Guard inspection in this matter. For those vessels audited by Compliance System, Inc., the CAM shall conduct a review of the audits and conduct follow-up inquiries to the extent necessary, if at all. ASM and the CAM shall coordinate the underway audits to accommodate, as much as practicable, the vessels' operations and schedule. The audits shall be performed to ascertain and evaluate various aspects of ASM vessels: their systems, equipment and components; current practices whether documented or not; and the knowledge, skills, and abilities of ship and shoreside personnel as they relate to the requirements of this ECP, and other maritime environmental protection requirements. During the second year of probation, the CAM shall conduct a second set of underway audits for half (50 percent) of the covered vessels. These audits should take place on voyages of short duration (3-4 days) to the maximum extent practical.
- (5) The audits performed pursuant to this ECP shall exceed a typical SMS audit in scope and will be used to determine practices, procedures and equipment conditions not typically documented

during a routine inspection by the classification society, port or flag state. The results of the audits will be used to shape and revise the Environmental Management System established by this ECP.

- (6) The audits shall meet the following specific requirements:
- (a) It shall assess all waste streams developed from any system, equipment and components found in each machinery space on board ASM vessels. This will include observation and documentation describing the leakages apparent on each system that can contribute to bilge loading. The audit will determine the status and quantify leakages stemming from:
 - (i) all pump and valve seals and glands during operation,
 - (ii) all piping systems, flanges, gaskets, fittings and joints,
 - (iii) all equipment casings such as main and auxiliary engines, and reduction gears,
 - (iv) operation of engines, boilers, incinerators, and evaporators, and
 - (v) all other mechanical components found aboard ASM vessels.
 - (b) It shall assess the adequacy and performance of the Oily Water Separator (OWS) and Incinerator, Sewage System, and any other pollution prevention equipment to handle the quantities and types of wastes developed during normal operations. To assess the performance of the OWS, the auditor shall conduct an operational test using the normal tank or bilge well supply as would be used in normal operations. The supply tank or bilge well must not be diluted. It will include an evaluation of the capacities for all tanks or containers associated with the management of sludges, bilges and oily wastes or other Wastes. It will include an evaluation of documentation tracking, maintenance and repair, and modifications of all pollution prevention equipment, and notification of equipment failure to the ECM or other shoreside personnel.
 - (c) It shall assess each vessel's crew and their current workloads relating to all work performed on the vessel's systems, equipment and components, in an effort to ascertain that even the least significant leakages contributing to waste streams are remedied in a prompt and effective manner.
 - (d) It shall assess the adequacy of the policy, procedures, current practices and equipment, including storage capabilities used to manage shipboard solid wastes generated in all areas of the vessel and the effectiveness of garbage management plans.
 - (e) It shall assess the adequacy of the policy, procedures, current practices and equipment associated with cargo management developed during all evolutions of cargo operations.
 - (f) It shall assess the ability of each vessel's crewmembers to create, devise or implement an unauthorized process to dispose of a shipboard waste including regular garbage, machinery space and cargo-generated wastes.
 - (g) It shall assess the adequacy of each vessel's responsible crewmembers to maintain the following records and shall include a complete comparative analysis (against each other where possible) of the following records:

- (i) Oil Record Book,
 - (ii) Engine room Alarms,
 - (iii) Tank sounding logs (if vessel not so equipped, then it must start maintaining such a log),
 - (iv) Personal work records and lists,
 - (v) Maintenance records,
 - (vi) Vendor service records,
 - (vii) Bilge waste and sludge receipts,
 - (viii) Deck Log,
 - (ix) Garbage Record Book,
 - (x) Wastewater Discharge Log,
 - (xi) Oil to Sea Equipment Interface Logs,
 - (xii) Hazardous waste manifests,
 - (xiii) Solid waste discharge receipts,
 - (xiv) Content Monitor (OWS) calibration logs,
 - (xv) Training records,
 - (xvi) Vetting documents,
 - (xvii) Inspection Documents, and
 - (xviii) SMS or SQE Audit documents
- (h) It shall assess the adequacy of the policy, procedures, and current practices used to store and dispose of:
- (i) Solvents,
 - (ii) Degreasers,
 - (iii) Cleaning wastes,
 - (iv) Batteries,
 - (v) Paints,
 - (vi) Oily rags,
 - (vii) Fluorescent and incandescent bulbs,
 - (viii) Expired boiler and engine chemicals,
 - (ix) Used boiler and engine chemicals,
 - (x) Galley greases,
 - (xi) Pyrotechnics,
 - (xii) Medical supplies,
 - (xiii) Contaminates fuels,
 - (xiv) Used Oil and greases,
 - (xv) Incinerator ash.
 - (xvi) Transformer oils,
 - (xvii) Contaminated refrigerants, and
 - (xviii) Hazardous materials.
- (i) It shall assess and evaluate documentation containing the certifications that each vessel's officers understand the requirements of this ECP and shall require signed statements by all vessel officers attesting that they understand false entries in the Oil Record Book for machinery space operations is a violation of law.

- (j) It shall assess the policy, procedures, and current practices associated with the Master and Chief Engineer's capability to communicate with shoreside personnel, including the CCM and designated persons, and shall review such communications.
- (k) It shall assess the frequency and adequacy of, through interviews of crewmembers, shipboard pollution prevention and environmental protection meetings and training.
- (l) It shall assess the policy, procedures, and current practices used on vessels and ashore to track crewmember environmental training, as well as the availability of and access to training resources.
- (m) It shall assess the adequacy of existing methods for employees to report environmental concerns and evaluate the capability of a reporting individual to remain anonymous, and review processes of handling environmental complaints from crewmembers and shoreside personnel.
- (n) It shall assess the policy, procedures, and current practices to ensure that vessel vendors, technicians, and other non-crewmembers follow ASM requirements regarding pollution prevention and environmental protection.
- (o) It shall assess the policy, procedures, and current practices used to manage the existing seal tracking and valve locking program, including the storage of seals and preventing the use of duplicate seals.
- (p) It shall assess the policy, procedures, current practices, and equipment used to maintain refrigeration units, including availability and status of refrigerant recovery units, procedures for recovering refrigerants, and maintenance of a leak log.
- (q) It shall assess the policy, procedures, current practices, and equipment related to Oil Transfer Procedures, including slops discharges, conditions of hoses, connections and transfer equipment, and shall include reviews of Declarations of inspections.
- (r) It shall assess the policy, procedures, current practices, and equipment used to handle emergency releases of hazardous fluids or pollutants on deck or within machinery spaces of vessels, including a review of the Shipboard Oil Pollution Emergency Plan and evaluation of personnel performing such duties.
- (s) It shall assess the policy, procedures, and current practices associated with ballast water management and invasive species requirements.
- (t) It shall include a survey of all fleet engineers at all levels for information on how to make the OWS, OCM, associated systems and waste management processes tamperproof and for methods on reducing or handling waste accumulations within machinery spaces. Participation shall be mandatory for all engineering personnel. The survey shall request the opinions of the vessels'

engineers into their ability to adequately maintain the vessel systems, equipment and components. The survey will emphasize non-retaliation for open and honest opinions and reports of current noncompliant circumstances. The responses will be maintained in original format and made available to the CAM. The original survey responses shall be included in the Report of Findings.

- (7) At the conclusion of the first year of audits, the CAM shall prepare a Report of Findings. If the CAM believes that additional time is needed to analyze available information, or to gather additional information, or to complete the Report of Findings, ASM may request that the Government grant the CAM such additional time, as required, which request shall not be unreasonably denied. If necessary, the Government may grant additional time in thirty (30) day increments for completion of the Report of Findings. The Report of Findings shall be provided to ASM and the United States. Based on the Report of Findings, ASM shall develop and or update the Environmental Management System and Manual as described below.
- (a) Expertise and competence in the regulatory programs under United States and international marine safety and environmental laws; expertise and competence to assess whether ASM has adequate management systems in place to ensure regulatory compliance, correct non-compliance, and prevent future non-compliance; and demonstrated capability to evaluate ASM's required effort and commitment in satisfying the requirements of this ECP and the EMS. ASM shall ensure that the CAM is provided all reports and notifications as established in this plan.
- (b) The CAM shall be assigned the following tasks and responsibilities and provide written submissions to the Court as set forth below:
- Review the relationship between ASM and the OC and evaluate the adequacy of measures taken to ensure that the OC acts with independence.
 - Conduct a review and submit an annual report to the United States and ASM regarding each of the audits conducted pursuant to the Plea Agreement and the ECP. The CAM's reports shall provide a summary of the findings regarding the adequacy of any audits required by this ECP and adequacy of recommendations for change, as found necessary.
 - The annual report shall also include and address any other information that the CAM is aware of which pertains to ASM's capabilities to meet the objectives of this ECP or any other marine environmental protection requirements.
 - If the CAM receives information regarding a direct violation of any existing marine environmental protection requirement or requirement of this ECP, the CAM must immediately report the occurrence to the United States. At any time during the probationary period the CAM may inspect or investigate any aspect of the OC activities as they relate to the requirements of this plan or with respect to ASM operations, and shall be provided full access to all records, audit personnel, vessels and shore side facilities as is necessary to perform its duties.

- Provide any additional reports, in both electronic and hard copy form, to the United States and ASM as requested by the Court or as appropriate and to include inadequacies in the audit process, violations of the terms and conditions of the ECP and EMS and any other findings of significant problems or deficiencies.
- (8) All audits performed by the CAM should take place during and underway voyage since that is the best way for auditors to observe ship operations and personnel. As set forth herein, auditors are encouraged to conduct underway audits during voyages of short duration (3-4 days) to the maximum extent practical. If this is found impractical within the specified time-frame, then the CCM or CAM may notify the interested parties and request an exception such as auditing a different vessel, auditing at a different time, or conducting the audit when the vessel is in port. The CAM and CCM should communicate frequently regarding ship movements so that the CAM can plan accordingly. Requests for exceptions should not be made more than once per year and should not be reasonably refused by the interested parties.

G. ENVIRONMENTAL MANAGEMENT SYSTEM MANUAL

- (1) Within six (6) months of receiving the Report of Findings for the first round of audits from the CAM, ASM shall prepare and/or update the EMS Manual, which shall describe and document the EMS and contain any additional EMS implementation schedules as needed to ensure complete compliance in all operations and procedures. If ASM believes that additional time is needed to analyze available information or to gather additional information to prepare and/or update the EMS Manual, ASM may request that the Government grant it such additional time as needed to prepare and submit the EMS Manual, which request shall not be unreasonably denied. If necessary, the United States may grant additional time in thirty (30) day increments for completion and/or update of the EMS Manual.
- (2) ASM shall submit a proposed final EMS Manual to the CCM, the OC and the United States immediately upon its completion. The OC and the United States shall provide comments on the proposed EMS Manual within ninety (90) days of receipt unless additional time for review is requested in writing. ASM shall submit a supplement to the EMS or a written response, as appropriate, within sixty (60) days of receipt of the comments. The EMS is subject to final approval from the United States, which approval shall not be unreasonably withheld.
- (3) All elements of the final EMS Manual shall be fully implemented no later than nine (9) months following final approval by the United States. Upon receipt of final approval, ASM shall immediately commence implementation of the EMS in accordance with the schedule contained in the EMS Manual. ASM shall submit reports to the United States beginning no later than one hundred twenty (120) days following the publication of the Report of Findings by the CAM, regarding the status of the development and implementation of the EMS and the results of the Review and evaluation of ASM operations or audits conducted pursuant to the EMS. These reports shall be made on an annual basis.

H. FINAL EMS/ECP COMPLIANCE AUDIT

- (1) Beginning no later than twelve (12) months prior to the end of probation, ASM shall arrange for, fund and complete a Final EMS/ECP Compliance Audit for ASM for half (50 percent) of all of the covered vessels. These audits should take place on voyages of short duration (3-4 days) to the

maximum extent practical. The audits are to be conducted to verify compliance with applicable environmental laws and regulations and the requirements of this EMS and ECP. During this final audit phase ASM shall immediately advise the CAM of any issue that comes to its attention that adversely impacts ASM compliance with all applicable laws and regulations and the EMS/ECP.

- (2) The OC will be certified by the American National Standards Institute -Registration Accreditation Board or will have compatible credentials and experience in performing EMS/ECP audits.
- (3) The Final EMS/ECP Compliance Audits shall be conducted, as much as is practicable under the circumstances, in accordance with the principles set forth in ISO 9000 and ISO 14011, using ISO 14012 as supplemental guidance, and shall assess conformance with the elements covered in the Initial Environmental Review, with all additional requirements presented in the EMS and with the additional requirements of this plan. Designated United States representatives may participate in the audits as observers at Government expense. ASM shall make timely notification to the United States regarding audit scheduling in order to make arrangements for observers to be present.
- (4) The OC shall deliver each vessel's and facility's audit report to the appropriate company official upon completion. In addition, the OC will deliver an Audit Report to the United States within thirty (30) days after the completion of each audit. If the TPA believes that additional time is needed to analyze available information or to gather additional information, ASM may request that the Government grant the OC such additional time as needed to prepare and submit the Audit Report. If necessary, the Government may grant additional time in thirty (30) day increments for completion of the Audit Report.
- (5) The Final EMS/ECP Compliance Audit Reports shall present the Audit Findings and shall, at a minimum, contain the following information:
 - (a) Audit scope, including the time period covered by the audit;
 - (b) The date(s) the on-site portion of the audit was conducted;
 - (c) Identification of the audit team members;
 - (d) Identification of the company representatives and regulatory personnel observing the audit;
 - (e) The distribution list for the Final EMS/ECP Compliance Audit Report;
 - (f) A summary of the audit process, including any obstacles encountered;
 - (g) Detailed Audit Findings, including the basis for each finding and the Area of Concern identified;
 - (h) Identification of any Audit Findings corrected or Areas of Concern addressed during the audit, and a description of the corrective measures and when they were implemented;
 - (i) Certification by the TPA that the Final EMS/ECP Compliance Audit was conducted in accordance with this document and general audit principles.
- (6) Within sixty (60) days from completion of the Final EMS/ECP Compliance Audit of a particular facility or vessel, ASM shall develop and submit to the United States, for review and comment, an Action Plan for expeditiously bringing ASM into full conformance with all applicable laws and regulations and the EMS/ECP Manual to the extent not already completed. The Action Plan shall

include the result of any root cause analysis, specific deliverables, responsibility assignments, and an implementation schedule. ASM may request that the United States permit a brief extension of the time limit stated above on a case by case basis. Such permission shall not be unreasonably withheld.

- (7) The Action Plan shall be reviewed by the United States which shall provide written comments within thirty (30) days of receipt. After making any necessary modifications to the Action Plan based on the comments, ASM shall implement the Action Plan in accordance with the schedules set forth therein. Within thirty (30) days after all items in the Action Plan have been completed, ASM shall submit a written Action Plan Completion Certification to the United States.

I. NON-COMPLIANCE

- (1) This EMS/ECP does not in any way release ASM from complying with any applicable international conventions and treaties, State or Federal statutes and/or regulations, the ISM Code, or other international maritime conventions or treaties and does not limit imposition of any sanctions, penalties, or any other actions, available under those international conventions and treaties, State or Federal statutes and regulations, the ISM Code, or other international maritime safety conventions or treaties.
- (2) The EMS/ECP shall be part of the Plea Agreement and adherence to it will be a condition of probation. Failure to comply with any part of this EMS/ECP (including but not limited to refusal to pay valid charges for the OC or and failure to provide the OC or CAM access to vessels, facilities, personnel or documents) may be a violation of the Plea Agreement and may be grounds for the revocation or modification of ASM probation. Should the United States seek to revoke or modify ASM probation based on ASM refusal to pay valid charges for the OC or CAM and/or its failure to provide the OC or CAM access to vessels, facilities, personnel, or documents, and/or as the result of any disagreement regarding any of the provisions of this EMS/ECP, ASM shall have the right to fully contest such revocation before the appropriate U.S. District Court.

J. CCM/VESSEL MASTER RESPONSIBILITIES

- (1) The Master of any of ASM vessel covered under this ECP, with the assistance of the CCM, shall ensure that timely reports are made to the United States of any non-compliant condition of any of ASM vessel. ASM shall establish that enforcement of and employee compliance with the EMS/ECP, ISM Code, MARPOL, and all applicable State and Federal safety and environmental statutes and regulations is an important positive factor and that failure to comply with such policies, regulations, and laws will be a negative factor in all appropriate personnel evaluations.

K. BOARD OF DIRECTORS

ASM shall ensure that at least yearly its Board of Directors or equivalent governing structure receive and review reports from the CCM and any applicable report from the CAM concerning the implementation of this EMS/ECP, including environmental compliance, EMS implementation, and manager, officer, and crew training. Copies of those portions of the meeting agendas and internal company reports concerning these items shall be included in the reports to the United States.

L. TRAINING REQUIREMENTS

- (1) The CCM will be responsible for developing training programs to educate and train ASM vessel and shoreside employees associated with the operation and management of its vessels. The CCM may name a Corporate Training Officer to ensure that the requirements of this section are met.
- (2) Training shall occur annually for all employees and be performed by qualified instructors at a training facility before an employee assumes his or her duties. The training shall consist of pertinent sections of this ECP, the EMS, and existing marine environmental protection requirements. The training shall include shipboard-related technical and practical information associated with pollution prevention and the operation, maintenance and repair of pollution prevention equipment and systems, and be appropriate for the work responsibilities and department in which an employee works. The training must include discussion of the consequences to ASM and its employees for failure to comply with the requirements of this ECP, EMS, and existing marine environmental protection requirements.
- (3) Where possible, a basic initial training program shall be provided to vessel employees currently onboard vessels in an effort to promptly mitigate pollution risk and ensure environmental protection. However, such employees must receive the shore side training prior to returning to a vessel on a new contract.
- (4) Additionally, the training shall include instruction regarding:
 - (a) Corporate environmental compliance structure, including the CCM and contact information.
 - (b) Comprehensive overview of this ECP, the EMS, and other marine environmental protection requirements.
 - (c) The reporting system used to report non-compliance.
 - (d) Sanctions and consequences for violations such as remedial training, suspension, termination, and civil and criminal liability.
 - (e) Pollution prevention and minimization programs specifically relating to steward, deck, and engine department procedures and operations.
 - (f) All requirements set forth in the Engineering section of this ECP.
 - (g) Position specific training in the operation, maintenance and repair of oily water separators, incinerators, oil content discharge monitoring equipment, and other pollution prevention equipment.
 - (h) Procedures for solid and hazardous waste segregation and storage, disposal, and reporting of releases.
 - (i) All other shipboard environmental protection related procedures examined and described in the required initial review.
- (5) All new crewmembers hired to work on ASM vessels shall receive training within fourteen (14) days of beginning to work on board the vessel. ASM shall maintain documentation onboard each

of it's operated and/or managed vessels verifying that all officers and crewmembers working on the vessel have received the required training. Such documentation shall be made available to the CAM and the United States upon request.

- (6) The Chief Engineer onboard each of ASM operated and/or managed vessels listed shall prepare independent written verification that all engineroom crew members have received the training required by this EMS/ECP. All engineroom crewmembers shall sign and date a statement acknowledging completion of the training. This written verification, together with the signed acknowledgment, shall be completed semi-annually and maintained in the engine control room of each vessel.

M. ENGINEERING REQUIREMENTS

- (1) Unless otherwise stated, all of the requirements set forth below, if not in contravention of any Classification Society, Treaty or other Flag State requirement, shall be implemented on the vessels covered under this ECP as soon as practicable, as determined by the CCM and not later than one year from the date of the signing of the plea agreement.
- (2) Bilge Main Cross -Connections:
 - (a) ASMGEEAN shall immediately notify all of its vessels regarding the prohibition against non-emergency use of cross connections from engine room bilge mains to the suction piping of larger pumps which may be referred to as the "fire and general service pump" or "fire, bilge and ballast" pump. The message shall state that the usage of these crossovers is similar to bypassing the OWS equipment and strictly prohibited.
 - (b) The deck plates above or near the locations of these cross connections and the valves' bodies and associated hand wheels shall be painted international orange. A brightly colored sign with three inch letters shall be permanently fixed nearby reading, "Bilge System Piping Crossover-Emergency Use Only."
 - (c) To prevent unauthorized usage, Chief Engineers shall place numbered seals on these valves.
 - (d) The seal numbers shall be tracked in a seal number logbook and explanations shall be given any time a crossover to the bilge main is opened. Seals shall be used in other areas of the machinery space. The Master of the vessel shall retain the replacement seals in the vessel's safe. The Chief Engineer will keep an additional log documenting when seals are replaced and their respective numbers. The CCM will be responsible for ensuring fleet wide that no duplication of seal numbers occur and will have a master tracking document indicating which series were supplied to each vessel.
 - (e) If the valves are remotely operated from the engine control room, the control must also be disabled and notice made near the associated push buttons or switches. They shall also be sealed.
 - (f) All other bilge suction valves not connected to the bilge main, including independent

emergency suction to the vessel's engine room bilges like those that may be connected to sea water circulating pumps, will be painted brightly and labeled similarly "Emergency Bilge Suction -Emergency Use Only," Their valve wheels will also have a numbered and logged seal capable of breakaway during emergency. Seal numbers shall be kept in the Chief Engineer's official seal log book and explanations given for breakage or replacement.

(3) Blank Flanges:

- (a) To prevent unauthorized connections within the engine room and machinery spaces of AEGEAN vessels, every blank flange associated with any piping leading overboard, on systems such as salt water service, main engine raw water cooling or other systems, shall be permanently secured, removed or fitted with numbered seals through the flange bolts to prevent unauthorized connections and discharges. The seals used shall be numbered and records kept in the previously mentioned log.
- (b) The blank flange securing the bilge and sludge transfer system and the shore connection discharge valve at the discharge stations shall also require a numbered seal that will be maintained. Seal numbers shall be kept in the Chief Engineer's official seal log book.

(4) Tank Sounding Log:

The CCM shall ensure the immediate usage of Tank Sounding Log Books on all vessels. Engine room crewmembers shall be required to sound all waste, sludge, and bilge tanks associated with bilge water, oil wastes, or sludge two (2) times per day for vessels having a manned engine room or once daily for those having an unmanned engine room. The Tank Sounding Log shall be initialed by the crewmember that obtained the reading. The Tank Soundings Log shall be maintained in the engine control room and made available during all inspections and audits required by this agreement.

(5) Oil-to-Sea Interfaces:

- (a) ASM agrees to immediately develop for each vessel a log book relating to equipment having oil-to-sea interfaces. Such systems may be oil lubricated stem lubes, bow or stern thrusters, stabilizers, hydraulically operated controllable pitch propellers, and similar equipment whereby the leakage of a sealing component may cause a loss of operating medium into the surrounding waters of the vessel. Any replenishment of oil into the head tanks, operating systems reservoirs or other receivers associated with this equipment shall be logged regardless of quantity. Ingress of water into these systems must also be logged.
- (b) When known, an explanation of the loss shall be provided, along with dates and time and signature. Routine stem tube lube oil loss must be logged and reported to the CCM immediately on each occasion. ASM agrees to remove from employment any Chief Engineer who fails to report these conditions.

(6) Record Keeping:

All Soundings and Logs required by this section shall be maintained onboard the vessel for a

period of three years from the date of the final entry.

N. DOCUMENTATION AVAILABLE FOR INSPECTION

The CCM shall ensure that all documentation required by this EMS/ECP is maintained and available for inspection by the OC and CAM and the United States. The Master of each ASM vessel under this ECP, shall maintain on board the vessel, all records required by International conventions and treaties including SOLAS, the ISM Code, and MARPOL and applicable State and Federal statutes and regulations and any additional documents required under this EMS/ECP, such as crew training records, and will make these records available to the OC and CAM and the United States Coast Guard upon request. A summary of this information and any explanation, where appropriate, shall be included in the reports to be submitted to the United States by the CAM.

O. CHANGES IN OWNERSHIP/MANAGEMENT

The parties recognize that during the term of probation, the number and identity of vessels operated, managed, manned and/or controlled by ASM may increase or decrease. Any vessel, the operation, management, manning or control of which is assumed by ASM and will call at United States ports or that carries a COFR issued pursuant to the OPA 90 shall be subject to the terms and conditions of this EMS/ECP. Any vessel removed from the operation, management, manning or control by ASM shall be excluded from the scope of the EMS/ECP. ASM agrees that it will immediately (but in no event later than 21 days following a change) notify the United States of any change in name, flag of registry, recognized organization, ownership or class society of any such of ASM vessels, to include the operation, management, manning or control of which is assumed by ASM. ASM agrees that this EMS/ECP shall remain in effect for all of the aforesaid vessels regardless of changes in the vessels' flag of registry, recognized organizations, name, or class society, so long as the vessels are managed, operated or manned by ASM and will call at United States ports or carries a COFR. ASM shall notify the United States before any vessel is released from the requirements of the EMS/ECP due to a change in ownership, management, manning or control. Any vessel that ASM assumes operational, manning, or technical control of during the course of probation shall insure that such vessel is audited in accordance with this ECP, and no later than seventy-five (75) days after assuming control of the vessel.

P. SELF-ENFORCEMENT

ASM further agrees that it will undertake and implement the necessary procedures to ensure that this EMS/ECP is diligently complied with by the officers and crew of each of ASM operated and/or managed vessels, as well as by all shore side employees, managers and other employees of ASM subsidiaries, affiliated business entities (owned wholly or partially by ASM) and agents of ASM engaged wholly or partially in the manning, and/or operation of aforesaid seagoing vessels or contracted to do the same, on the date of sentencing or at any time during the period of probation.

Q. REVISIONS/MODIFICATIONS

The requirements of this EMS/ECP, including the dates and time periods mentioned herein, shall be strictly complied with. Should ASM be unable to comply with any of the deadlines, ASM shall immediately notify the United States in writing of the reason(s) for non-compliance, and propose a revised timetable. The United States shall then determine as to whether the revised timetable should be accepted.

R. REPORTS

All reports, documents and correspondence required under this EMS/ECP to be sent to the United States shall be sent to the following offices:

- (a) U.S. Attorney's Office
District of South Carolina
Attn: Matthew Austin
Liberty Center Building
151 Meeting St. Suite 200
Charleston, SC 29402

- (b) U.S. Department of Justice
Environmental Crimes Section
Attn: Christopher Hale
60 I "D" Street, NW, Suite 2120
Washington, D.C. 20004


- (c) U.S. Coast Guard Commandant (CG-543)
Office of Vessel Activities
Attn: Designated Representative of the Coast Guard
2100 Second Street, SW
Washington, D.C. 20593-0001

- (d) U.S. Probation Department
District of South Carolina

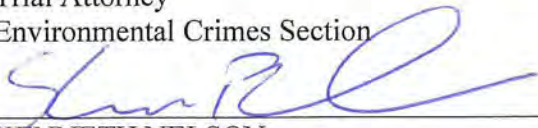
Respectfully Submitted on behalf of the United States:

DATED: 11/16/16 

MATTHEW AUSTIN
Assistant United States Attorney

DATED: 11/16/16 

CHRISTOPHER HALE
Trial Attorney
Environmental Crimes Section

DATED: 11/16/16 

KENNETH NELSON
Senior Trial Attorney
Environmental Crimes Section

I have been authorized by a corporate resolution to sign the Plea Agreement and the Environmental Compliance Plan and bind Aegean Shipping Management to its terms. On behalf of the Defendant Aegean Shipping Management, I have carefully read the Environmental Compliance Plan, understand it, and discussed it with counsel.



Georgia Panousi
President and Director
Aegean Shipping



Date 11/17/2016

I am counsel for Aegean Shipping Management and I have discussed the Plea Agreement and this Environmental Compliance Plan with its authorized representatives. I have fully advised the authorized representatives of the requirements of the Plea Agreement and ECP and their consequences. To my knowledge, the decision of Aegean Shipping Management to enter into this Agreement is informed and voluntary.



George M. Chalos
Counsel for Defendant

Date 11-17-16

**DOCUMENT FILED
UNDER SEAL**

*United States v. Aegean Shipping
Management S.A.*

2:16-CR-0551-MBS

CORPORATE RESOLUTION

AEGEAN SHIPPING MANAGEMENT S.A.

10 Akti Kondili,
185, 45 Piraeus, Greece

Aegean Shipping Management S.A. (“the Company”), by and through its Board of Directors, Mrs. Georgia Panousi and Mr. Ilias Syrros, resolves and confirms the following:

IT WAS RESOLVED:

THAT, the attached Plea Agreement was entered into and agreed between the United States of America and the Company, and same having been explained to the Company by its counsel, and the Company understanding those terms and conditions, and all corporate formalities required for the authorizations contained herein having been observed, the Company hereby assents to those terms and conditions and agrees to enter into the said written Plea Agreement in the matter pending in the United States District Court, District of South Carolina, in the case entitled United States of America, Plaintiff, v. Aegean Shipping Management S.A. – 16-CR-551-MBS; and

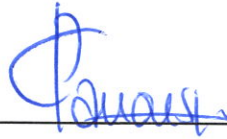
IT WAS FURTHER RESOLVED:

THAT, Mr. George M. Chalos, Esq. of Chalos & Co, P.C., hereby is authorized, empowered, and directed to represent the Company and to execute the Plea Agreement on behalf of the Company and to execute any and all other documents and instruments, and to take any and all actions to do any and all other things necessary or incidental for the execution and entry of the Plea Agreement, and to comply with its provisions; and

IT WAS FURTHER RESOLVED:

THAT, the Company has authorized Mr. George M. Chalos, Esq., to enter a guilty plea on behalf of the Company to Count One and Count Five of the Indictment in the case entitled United States of America, Plaintiff, v. Aegean Shipping Management S.A. 16-CR-551-MBS, to appear before the Court at the time of sentencing, and to deliver payment of any and all fines and special assessments on behalf of the Company, as required by the Plea Agreement and/or the District Court.

Executed this 15th day of November 2016.



Georgia Panousi

President/Director

Aegean Shipping Management S.A.