

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION

UNITED STATES OF AMERICA

v.

TARGET SHIP MANAGEMENT PTE. LTD.

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CRIM. NO. 1:11-CR-00368-KD

PLEA AGREEMENT

The defendant, TARGET SHIP MANAGEMENT PTE. LTD. ("Target" or "defendant"), represented by its counsel, and the United States of America have reached a plea agreement in this case, pursuant to Rule 11(c)(1)(C) of the Federal Rules of Criminal Procedure, the terms and conditions of which are as follows:

RIGHTS OF THE DEFENDANT

- 1. The defendant understands its rights as follows:
 - a. To be represented by an attorney;
 - b. To plead not guilty;
 - c. To have a trial by an impartial jury;
 - d. To confront and cross-examine witnesses and to call witnesses and produce other evidence in its defense; and
 - e. To not be compelled to incriminate itself.

WAIVER OF RIGHTS AND PLEA OF GUILTY

- 2. The defendant waives rights b through e, listed above, and pleads guilty to Count Six of the Indictment, charging a violation of Title 18, United States Code, Section 1908(a) (Act to Prevent Pollution from Ships) and to Count One of the

Information filed in associated case (Cr. No. XXXXXXXX) charging a violation of Title 18, United States Code, Section 1001(a)(3) (False Statements.)

3. The defendant understands that the statements its representative makes under oath in the plea of guilty must be completely truthful and that it can be prosecuted for making false statements or perjury, or receive a perjury enhancement at sentencing, for any false statements its representative makes intentionally in this plea of guilty.
4. The defendant expects the Court to rely upon the factual representations contained in the attached Factual Résumé and the defendant's response to any questions that it may be asked during the guilty plea hearing.
5. The defendant has had the benefit of legal counsel in negotiating this Plea Agreement. The defendant has discussed the facts of the case with its attorney, and its attorney has explained to the defendant the essential legal elements of the criminal charges which have been brought against the defendant. The defendant's attorney has also explained to the defendant his understanding of the United States' evidence and the law as it relates to the facts of the charged offenses.
6. The defendant understands that the United States has the burden of proving each of the legal elements of the criminal charges beyond a reasonable doubt. The defendant and its counsel have discussed possible defenses to the charges. The defendant believes that its attorney has represented the defendant faithfully, skillfully, and diligently, and the defendant is completely satisfied with the legal advice of its attorney.

7. A separate document, entitled Factual Résumé, will be submitted to the Court as evidence at the guilty plea hearing. The Factual Résumé is incorporated by reference into this Plea Agreement. The defendant and the United States agree that the Factual Résumé is true and correct. Alterations to the Plea Agreement or Factual Résumé initiated only by the defendant and its counsel are not part of this agreement and are not agreed to by the United States.
8. This plea of guilty is freely and voluntarily made and is not the result of force, threats, promises, or representations, apart from those representations set forth in this Plea Agreement. There have been no promises from anyone as to the particular sentence that the Court will impose, except as is provided in provided in Paragraphs 14 below. The defendant is pleading guilty because it is guilty.
9. The defendant also knowingly and voluntarily waives all rights, whether asserted directly or through a representative, to receive from the United States after sentencing any further records, reports, or documents pertaining to the investigation or prosecution of this matter. This waiver includes, but is not limited to, rights under the Freedom of Information Act and the Privacy Act of 1974.

PENALTY

10. The maximum penalty the Court could impose as to Count 6 of the Indictment is:
 - a. A maximum fine of either Five Hundred Thousand (\$500,000.00) dollars, or twice the gross gain or loss resulting from the unlawful conduct, pursuant to 18 U.S.C. § 3571(c) and (d);

- b. A term of probation of up to 5 years pursuant to 18 U.S.C. § 3561(c)(1);
 - c. A mandatory special assessment of \$400.00 pursuant to 18 U.S.C. § 3013(a)(2)(B).
11. The maximum penalty the Court could impose for Count 1 of the information is:
- a. A maximum fine of either Five Hundred Thousand (\$500,000.00) dollars, or twice the gross gain or loss resulting from the unlawful conduct, pursuant to 18 U.S.C. § 3571(c) and (d);
 - b. A term of probation of up to 5 years pursuant to 18 U.S.C. § 3561(c)(1);
 - c. A mandatory special assessment of \$400.00 pursuant to 18 U.S.C. § 3013(a)(2)(B).

SENTENCING AND APPLICATION OF FED. R. CRIM. P. 11(c)(1)(C)

12. The defendant acknowledges that the Court will impose sentence in this case, and that the parties have reached a binding agreement as to the appropriate sentence in this case. Specifically, the defendant acknowledges that Federal Rule of Criminal Procedure 11(c)(1)(C) provides in relevant part:

If the defendant pleads guilty . . . to . . . a charged offense . . . the plea agreement may specify that an attorney for the government will: . . . (C) agree that a specific sentence or sentencing range is the appropriate disposition of the case. . . (such a recommendation or request binds the court once the court accepts the plea agreement).

13. The defendant has gone over Rule 11(c)(1)(C) with its attorney and understands that its provisions will govern the procedure for the sentence imposed by the Court in this case.

14. The parties agree that the following sentence is an appropriate disposition in this case:

a. The defendant agrees to pay a total criminal penalty of One Million, Two Hundred Thousand (\$1,200,000.00) dollars of which the criminal fine will be One Million (\$1,000,000.00) dollars. The parties stipulate for the purposes of settlement that Five Hundred Thousand (\$500,000.00) dollars of the total criminal penalty shall be apportioned to Count 6 of the Indictment (APPS) and that Five Hundred Thousand (\$500,000.00) dollars be apportioned to Count 1 of the Information (False Statement). The defendant agrees that this fine amount is appropriate pursuant to 18 U.S.C. § 3571(d).

b. The defendant agrees to pay a total of Two Hundred Thousand (\$200,000.00) dollars in the form of an organizational community service payment pursuant to §8B1.3 of the Federal Sentencing Guidelines and in furtherance of satisfying the sentencing principles provided for under 18 U.S.C. § 3553(a), as follows:

1. The defendant shall pay Two Hundred Thousand (\$200,000.00) dollars to the National Fish and Wildlife Foundation ("NFWF"). The community service payment shall be applied by NFWF to fund projects for the preservation and restoration of waterways and marine wildlife in and around the Southern District of Alabama.

2. NFWF is a charitable and nonprofit organization established pursuant to 16 U.S.C. §§ 3701-3710. Its purposes include the acceptance and administration of "property . . . to further the conservation and management of fish, wildlife, plants, and other natural resources," and the performance of "such other activities as will further the conservation and management of the fish, wildlife, and plant resources of the United States, and its territories and possessions for present and future generations of Americans." 16 U.S.C. § 3701(b)(1), (2). NFWF is empowered to "do any and all acts necessary and proper to carry out" these purposes, including, specifically, solicitation, acceptance, administration, and use of "any gift, devise or bequest . . . of real or personal property." 16 U.S.C. § 3703(c)(1), (11). NFWF's Congressional charter mandates that it be governed by a Board of Directors that includes the Director of the United States Fish and Wildlife Service, the Under Secretary of Commerce for Oceans and Atmosphere, and various individuals educated or experienced in fish, wildlife, ocean, coastal, or other natural resource conservation. 16 U.S.C. § 3702(b)(1), (2). NFWF is also required by its charter to submit to Congress annually a report of its proceedings and activities during such year, including a full and complete statement of its receipts, expenditures.

- c. The parties jointly recommend that the defendant be placed on organizational probation for a period of three (3) years from the date of sentencing, pursuant to 18 U.S.C. § 3561(c)(1) and USSC §§ 8D1.1 and 8D1.2. The parties recommend that the terms of probation be as follows:
1. The defendant agrees that it shall commit no further violations of MARPOL 73/78, the Clean Water Act, or any other federal, state, or local law, including those laws and regulations for which primary enforcement has been delegated to the state authorities, and shall conduct all its operations in accordance with the environmental laws of the United States.
 2. The defendant agrees to fund and implement the environmental remedial measures set forth in the Environmental Compliance Plan ("ECP"), attached hereto as Attachment A, during its term of probation, consistent with sentencing policies set forth in USSC §8D1.4. The ECP and all of the requirements and obligations therein contained are incorporated into this Agreement and shall be considered special conditions of the defendant's probation.
- d. This Agreement shall bind the defendant and its subsidiaries, including all subsidiaries that technically manage and/or man vessels, including but not limited to Target, and all successors-in-interest, if applicable, and all successors and assigns. The defendant shall provide notice within 10 days to the Environmental Crimes Section of the U.S. Department of Justice,

the United States Attorney's Office for the Southern District of Alabama, and the United States Coast Guard of any of the following: any corporate name changes; any purchase or sale of vessels; any purchase, sale or reorganization or divestiture; or any other change impacting upon or affecting this Agreement or the ECP. No change in name, change in corporate or individual control, business reorganization, change in ownership, merger, change in legal status, sale or purchase of assets, or similar action shall alter the defendant's responsibilities under this Agreement or the ECP. The defendant understands and agrees that it shall not engage in any action to seek to avoid the obligations and conditions set forth in this Agreement.

- e. The undersigned corporate officer or representative of the defendant hereby certifies that he is authorized by the defendant corporation to act on its behalf, to plead guilty to the charges alleged in the Indictment and Information, and to enter into this Agreement, and that a corporate resolution so empowering said officer or representative has been duly made and approved by said corporation. A copy of the resolution will be presented to the court at the entry of the plea in this case. Said defendant corporation has agreed to implement an Environmental Compliance Plan ("ECP"), as set forth in Attachment A. The defendant corporation further agrees that such a program is a condition of probation.

14. The defendant shall pay a special assessment for each count of conviction for a total aggregate special penalty amount of Eight Hundred (\$800.00) dollars.

15. The United States will provide all relevant sentencing information to the Probation Office for purposes of the pre-sentence investigation. Relevant sentencing information includes, but is not limited to, all facts and circumstances of this case and information concerning the defendant's conduct, background, and any and all financial information requested by Probation Office.
16. Both the defendant and the United States are free to allocate fully at the time of sentencing subject to the provisions of Paragraph 14.

OBLIGATIONS OF THE UNITED STATES

17. The United States will not bring any additional charges against the defendant related to the facts underlying the indictment known to the United States at the time of the entry of the guilty plea and will move to dismiss all remaining counts once sentence is imposed. This agreement is limited to the United States Attorney's Office for the Southern District of Alabama and the Environmental Crimes Section of the United States Department of Justice and does not bind any other federal, state, or local prosecuting authorities.

**LIMITED WAIVER OF RIGHT TO APPEAL AND
WAIVER OF COLLATERAL ATTACK**

18. As part of the bargained-for exchange represented in this plea agreement, and subject to the limited exceptions below, the defendant knowingly and voluntarily waives the right to file any direct appeal or any collateral attack, including a motion to vacate, set aside, or correct sentence under 28 U.S.C. § 2255. Accordingly, the defendant will not challenge its guilty plea, conviction, or sentence in any district court or appellate court proceedings.
- a. **EXCEPTION.** The defendant reserves the right to timely file a direct appeal challenging any sentence imposed in excess of the statutory maximum.
19. If the United States files a notice of appeal and such appeal is authorized by the Solicitor General, the defendant is released from the appellate waiver.
20. If the defendant receives a sentence as described in Paragraph 14 of this agreement, this plea agreement shall serve as the defendant's express directive to defense counsel to timely file a "Notice of Non-Appeal" following sentencing, signed by the defendant.

VIOLATION OF AGREEMENT

21. The defendant understands that, if it breaches any provision of this Plea Agreement, the United States will be free from any obligations imposed by this agreement, but all provisions of the agreement remain enforceable against the defendant. In the exercise of its discretion, the United States will be free to prosecute the defendant on any charges of which it has knowledge. In such event,

the defendant agrees not to assert any objections to prosecution that he might have under the Sixth Amendment and/or the Speedy Trial Act.

- 22. In addition, the defendant understands that the United States will no longer be bound by this agreement if he violates any condition of his release prior to sentencing or prior to serving his sentence after it is imposed.


ENTIRETY OF AGREEMENT

- 23. This document is the complete statement of the agreement between the defendant and the United States and may not be altered unless done so in writing and signed by all the parties.

Respectfully submitted,

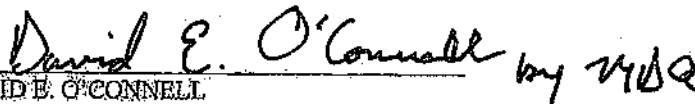
KENYEN R. BROWN
UNITED STATES ATTORNEY

Date: 5-29-12


 MICHAEL D. ANDERSON
 Assistant United States Attorney

IGNACIA S. MORENO
ASSISTANT ATTORNEY GENERAL
ENVIRONMENT AND NATURAL RESOURCES DIVISION
UNITED STATES DEPARTMENT OF JUSTICE

Date: 5-29-12


 DAVID E. O'CONNELL
 Trial Attorney
 Environmental Crimes Section
 U.S. Department of Justice

I have consulted with my counsel and fully understand all my rights with respect to the offense charged in the Indictment pending against me. I have read this Plea Agreement and carefully reviewed every part of it with my attorney. I understand this agreement, and I voluntarily agree to it. I hereby stipulate that the Factual Résumé, incorporated herein, is true and accurate in every respect, and that had the matter proceeded to trial, the United States could have proved the same beyond a reasonable doubt.

Date: 25th MAY 2012



Corporate Representative
TARGET SHIP MANAGEMENT PTE. LTD.
Defendant

I am the attorney for the defendant. I have fully explained the defendant's rights to the defendant with respect to the offenses charged in the Indictment in this matter. I have carefully reviewed every part of this Plea Agreement with the defendant. To my knowledge, the defendant's decision to enter into this agreement is an informed and voluntary one. I have carefully reviewed the Factual Résumé, incorporated herein, with the defendant and to my knowledge, the defendant's decision to stipulate to the facts is an informed, intelligent and voluntary one.

Date: 25 May 2012

Michael G. Chalos
MICHAEL G. CHALOS
Attorney for Defendant

ATTACHMENT A
Environmental Management System/Compliance Plan

PURSUANT TO PLEA AGREEMENT

United States v. Target Ship Management PTE, LTD.

The following standards and requirements for an ENVIRONMENTAL COMPLIANCE PROGRAM (ECP) have been prepared pursuant to the Plea Agreement between Target Ship Management PTE, LTD. (hereinafter "Target") and the United States (hereinafter "Government") filed in the United States District Court for the Southern District of Alabama. 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 the vessels listed in Appendix 1, herein, and the vessels that may be later added to Appendix 1 per the terms of this ECP that are operated, managed, named and/or controlled by Target that will or may call to the United States during the period of probation 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 operated by Target and listed in Appendix 1, and that may be added to Appendix 1 per the terms of this ECP. As more fully set forth below, this ECP and its requirements will also apply to vessels that Target acquires during the period of probation.

A. APPLICABILITY/PURPOSE

- (1) This ECP shall cover and apply to all of Target operations, including all subsidiaries, affiliated business entities (owned wholly or partially by Target), and agents involved in the operation of seagoing vessels on the date of sentencing or at any time during the period of probation. It shall also include all persons working for Target, its subsidiaries, affiliated business entities (owned wholly or partially by Target), agents, and any other individuals or organizations who are involved in the operation, maintenance and repair of aforesaid seagoing vessels, operated, managed and/or named by Target, as direct employees or independent contractors on the date of sentencing or at any time during the period of probation.
- (2) Appendix 1 of this ECP lists a subset of ships managed and/or operated by Target that Target has identified that will or may call on the United States during the period of probation. Appendix 2 lists all vessels operated or managed by Target as of the date of the plea. The standards and requirements of this ECP shall apply to those ships listed in Appendix 1. No other ships managed or operated by Target listed in Appendix 2 that are not also listed in Appendix 1 as of the date of entry of the plea, will be permitted to call on the United States during the period of probation. Newly acquired ships that come under the management of Target after the date of the entry of the plea that are not listed in Appendix 2 may come to the United States. In that event, those ships will be subject to the standards and requirements of this ECP and will not be permitted to call on the United States until such time as they have undergone an Initial Environmental Review.
- (3) 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 Target operated and/or managed vessels covered under this ECP, shoreside facilities, and operations involving said vessels; increase training of all of Target 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 Southern District of Alabama, the United States Attorney's Office for the Southern District of Alabama, the Environmental Crimes Section of the United States Department of Justice, the Environmental Protection Agency, and the United States Coast Guard (collectively hereinafter "the United States") to ensure that Target 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, Target shall designate a senior corporate officer as Corporate Compliance Manager (hereinafter "CCM") who shall report directly to the President and/or Managing Director of Target. Target shall provide the name of the CCM to the United States. The CCM should be the same individual as Target'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 Independent ECP Consultant (hereinafter "IC"), 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 Target-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 IC and the United States. All reports required under this ECP shall be reviewed by the CCM and signed under the penalty of perjury.
- (2) Target 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 Target's seagoing vessels covered under this ECP, including all persons working for Target, its subsidiaries, affiliated business entities (owned wholly or partially by Target) and agents of Target 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 IC and the United States in carrying out their reviewing, auditing and oversight functions required by applicable law and this ECP. Target 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 IC and the United States in carrying out their auditing and oversight functions required by applicable law and this ECP, grounds for dismissal. Target agrees not to retaliate against any officer, crewmember, employee, or shoreside personnel involved in the manning and/or operation of Target seagoing vessels, including all persons working for Target, its subsidiaries, affiliated business entities (owned wholly or partially by Target) and agents of Target 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, IC, the designated representative of the Coast Guard, and Target. 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 Target employees of their environmental commitment, the requirements of the ECP, the policies and procedures for complying with the ECP, and the possible consequences to Target and to individuals for failure to comply with environmental laws.

Provide environmental consultants and contractors of Target with documents and training to make them aware of the ECP.

(b) Auditing and Compliance Assessment

-Ensure that the IC 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.

C. MASTER AND CHIEF ENGINEER

(1) The Master of each of Target vessel subject to this ECP, with the assistance of the CCM, shall ensure that prompt reports are made to the United States Coast Guard of any non-compliant condition on any Target vessel covered under this ECP.

(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 Target 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. INDEPENDENT ECP CONSULTANT AND ENVIRONMENTAL AUDITS

(1) No later than thirty (30) days following the District Court's final imposition of sentence in United States v. Target Shipping PTE. LTD., Target shall nominate three candidates for the IC that meet the qualifications below to conduct an Initial Environmental Review, and a Report of Findings for all of Target operations as defined below. The United States will notify Target in writing of which IC is acceptable. If none of the proposed candidates are acceptable to the United States, Target will supply an additional candidate. This process shall continue until a candidate acceptable to the United States is identified.

(2) Qualified candidates for the IC 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 Target to achieve and maintain compliance in respect to Target seagoing vessels covered under this ECP. The IC shall also have sufficient expertise and competence to assess whether Target has an adequate Environmental Management System in place to assess regulatory and ECP compliance, to correct non-compliance, and to prevent future non-compliance. Target and the Government acknowledge that the functions of the IC may, by mutual agreement, be fulfilled by one or more individuals. Qualified candidates for the IC position must be available to personally appear and testify in United States judicial proceedings and agree to provide relevant documentation and supporting data under oath as requested.

(3) The IC must not directly own any stock in Target, any of its subsidiaries, affiliated business entities (owned wholly or partially by Target) or any agents of Target, and must have no other direct financial stake in the outcome of duties conducted Pursuant to this Plea Agreement. The IC 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 Target has any other contractual relationship with the IC, both Target and the IC shall disclose to the United States such past or existing contractual relationships.

(4) If the United States determines that the proposed IC does not reasonably meet the qualifications set forth in the previous paragraphs, or that past or existing relationships with the IC would affect the IC's ability to exercise the independent judgment and discipline required to conduct the ECP review and evaluation, such IC shall be

disapproved and another IC shall be proposed by Target within thirty (30) days of Target receipt of the United States disapproval. Target will then supply an additional candidate. This process shall continue until a candidate acceptable to the United States is identified.

(5) During the first year of probation, the IC shall conduct an Initial Environmental Review of Target operations (vessel and shoreside) and Target seagoing vessels while the vessels are underway and to the extent practical operating on voyages of short duration (4 days or less) that are listed in Appendix 1 as of the date of this agreement or are added to Appendix 1 per Paragraph A(2). Target and the IC shall coordinate the underway inspections to accommodate, as much as practicable, the vessels' operations and schedule. The Initial Environmental Review shall be performed to ascertain and evaluate various aspects of Target 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. The IC shall also conduct a second set of audits for the vessels covered under this ECP but not the office, under the same circumstances as in the initial review, during the second year of probation.

(6) The Initial Environmental Review may be considered as a discovery action in that its purpose is to review all areas of the operations that may impact various elements of pollution prevention and environmental protection. It will 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 Initial Environmental Review will be used to shape and revise the Environmental Management System established by this ECP.

(7) The Initial Environmental Review 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 Target vessels covered under this ECP. 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 Target vessels covered under this ECP.

(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 failures 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) Contamin Monitor (OWS) calibration logs,
- (xv) Training records,
- (xvi) Inspection Documents, and
- (xvii) SMS or SOE 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) Contaminated 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, serving on vessels covered under this ECP, 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 OCM 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 Target 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 stops 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, for vessels covered under this ECP, 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 IC. The original survey responses shall be included in the Report of Findings.

(8) At the conclusion of the Initial Environmental Review, but in no event later than twelve (12) months following the appointment date of the IC, the IC shall prepare a Report of Findings. If the IC believes that additional time is needed to analyze available information, or to gather additional information, or to complete the Report of Findings, Target may request that the Government grant the IC 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 Target and the United States. Based on the Report of Findings, Target shall develop an Environmental Management System and Manual as described below. The IC shall conduct a second round of vessel audits for vessels covered under this ECP using the

above criteria during the second year of probation in order to ascertain if Target has continued to implement the EMS system and whether the vessels are in compliance with environmental requirements, issue a Report of Findings for the second year of audits.

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 Target 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 Target may choose to adopt, to Target employees, and other vendors, technicians or non-crew members engaged in the waste stream management of Target operated vessels covered under this ECP. 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 IC or other Auditor.

(5) Structure, Responsibility and Resources:

Target 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 covered under this ECP and shoreside personnel involved with the operation, maintenance and repair of Target vessels covered under this ECP, 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 Target 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 Target 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) Target, 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 organization's 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 inclinator 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-crew members) 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 Target 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 IC, 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, and if 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 Target 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, Target agrees to pay for a Court Appointed Monitor (hereinafter "Monitor") that will report to the Court and the United States during the entire period of probation. The Monitor can, at Target's option, serve concurrently in the additional capacity of Third Party Auditor (hereinafter "TPA") under the terms of this Agreement. The Monitor and TPA must meet the same independence requirements as the Independent ECP Consultant listed in paragraph D.3. If Target desires to have a separate TPA and Monitor, it must follow the same procedures for identifying the TPA as used in identifying the Monitor listed herein. Within thirty (30) days of the entry of the imposition of sentence Target will submit a

list of three qualified candidates for the Monitor from which the United States will select one of the candidates. If none of the proposed candidates are acceptable to the United States, Target will supply an additional candidate. This process shall continue until a candidate acceptable to the United States is identified. In the event that the United States does not find the work of the Monitor satisfactory, at any time they may request Target to supply additional candidates and may move the court to replace the monitor. Qualified candidates for the Monitor position must be available to personally appear and testify in United States judicial proceedings and agree to provide relevant documentation and supporting data under oath as requested. The Monitor must have staff with the following experience:

(a) Expertise and competence in the regulatory programs under United States and international marine safety and environmental laws; expertise and competence to assess whether Target has adequate management systems in place to ensure regulatory compliance, correct non-compliance, and prevent future non-compliance; and demonstrated capability to evaluate Target's required effort and commitment in satisfying the requirements of this ECP and the BMS. Target shall ensure that the Monitor is provided all reports and notifications as established in this plan.

(b) The Monitor shall be assigned the following tasks and responsibilities and provide written submissions to the Court as set forth below:

-Review the relationship between Target and the IC and TPA and evaluate the adequacy of measures taken to ensure that the IC and TPA act with independence;

-Conduct a review and submit an annual report to the U.S. Probation Office, Target, designated representative of the Coast Guard, and the Environmental Crimes Section, United States Department of Justice regarding each of the audits conducted by the IC and TPA pursuant to the Plea Agreement and the ECP. The Monitor'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 Monitor is aware of which pertains to Target's abilities to meet the objectives of this ECP or any other marine environmental protection requirements.

-All known inadequacies of the IC, the TPA or with respect to Target performance whether personnel based or related to any of its vessels, systems, equipment, or components shall be reported in the annual report.

-If the Monitor receives information regarding a direct violation of any existing marine environmental protection requirement or requirement of this ECP, the Monitor must immediately report the occurrence to the U.S. Probation Office and to the United States. At any time during the probationary period, the Monitor may inspect or investigate any aspect of the IC or TPA activities as they relate to the requirements of this plan or with respect to Target 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 U.S. Probation Office, Target, designated representative of the Coast Guard and the Environmental Crimes Section, United States Department of Justice, 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.

G. ENVIRONMENTAL MANAGEMENT SYSTEM MANUAL

(1) Within six (6) months of receiving the Report of Findings on the Initial Environmental Review from the IC, Target shall prepare an EMS Manual, which shall describe and document the BMS and contain any additional EMS implementation schedules as needed to ensure complete compliance in all operations and procedures. If Target believes that additional time is needed to analyze available information or to gather additional information to prepare the EMS Manual, Target 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 of the EMS Manual.

- (2) Target shall submit a proposed final EMS Manual to the CCM, the IC and the United States immediately upon its completion. The IC 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. Target 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 EMS Manual shall be fully implemented no later than nine (9) months following final approval by the United States. Upon receipt of final approval, Target shall immediately commence implementation of the EMS in accordance with the schedule contained in the EMS Manual. Target shall submit reports to the designated representative of the Coast Guard, and the Environmental Crimes Section, United States Department of Justice beginning no later than one hundred twenty (120) days following the publication of the Report of Findings by the IC, regarding the status of the development and implementation of the EMS and the results of the Review and evaluation of Target 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, Target shall arrange for, fund and complete a Final EMS/ECP Compliance Audit for Target seagoing vessels while the vessels are underway and operating on voyages of short duration (4 days or less) listed in Appendix T or are added to Appendix I per Paragraph A(2). The audits are to be conducted by the TPA, to verify compliance with applicable environmental laws and regulations and the requirements of this EMS and ECP. All such vessels must be examined while the vessels are underway and operating on voyages of short duration. Target and the TPA shall coordinate the underway examinations to accommodate, as much as practicable, the vessel's operations and schedule. These underway examinations will be conducted, to the extent practical, on voyages of short duration (i.e. four (4) days). The TPA will have full access to Target facilities, records, employees and officers at all times. During this final audit phase Target shall immediately advise the TPA of any issue that comes to its attention that adversely impacts Target compliance with all applicable laws and regulations and the EMS/ECP.
- (2) The TPA will be certified by the American National Standards Institute -Registration Accreditation Board or will have compatible credentials and experience in performing EMS/ECP audits. Selection of the TPA is subject to the same conditions identified in Section C above regarding selection of the IC. Selection of the TPA will be approved by the United States. The United States will notify Target in writing of its approval or disapproval as expeditiously as possible.
- (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. The TPA 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. Target shall make timely notification to the United States regarding audit scheduling in order to make arrangements for observers to be present.
- (4) The TPA shall deliver each vessel's and facility's audit report to the appropriate company official upon completion. In addition, the TPA will deliver an Audit Report to the U.S. Probation Office, designated representative of the Coast Guard, and Environmental Crimes Section, United States Department of Justice 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, Target may request that the Government grant the TPA 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, Target shall develop and submit to the United States, for review and comment, an Action Plan for expeditiously bringing Target into full conformance with all applicable laws and regulations and the EMS/ECP Manual. The Action Plan shall include the result of any root cause analysis, specific deliverables, responsibility assignments, and an implementation schedule. Target 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, Target 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, Target 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 Target 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 IC or TPA and failure to provide the IC or TPA 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 Target probation. Should the United States or the U.S. Probation Office seek to revoke or modify Target probation based on Target refusal to pay valid charges for the IC or TPA and/or its failure to provide the IC or TPA access to vessels, facilities, personnel, or documents, and/or as the result of any disagreement regarding any of the provisions of this EMS/ECP, Target shall have the right to contest the reasonableness of such revocation before the appropriate U.S. District Court.

J. COM/VESSEL MASTER RESPONSIBILITIES

- (1) The Master of any of Target vessel covered under this ECP, with the assistance of the COM, shall ensure that timely reports are made to the United States of any non-compliant condition of any of Target vessel. Target 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

Target 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 IC 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 Target vessel and shoreside employees associated with the operation and management of its vessels covered under this ECP. 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 assigned to vessels covered under this ECP 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 BMS, 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 Target 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 BMS, 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 Target vessels covered under this ECP shall receive training within seven (7) days of beginning to work on board the vessel. Target shall maintain documentation onboard each of its operated and/or managed vessels covered under this ECP verifying that all officers and crewmembers working on the vessel have received the required training. Such documentation shall be made available to the IC and the United States upon request.

(6) The Chief Engineer onboard each of Target operated and/or managed vessels covered under this ECP shall prepare independent written verification that all engine room crew members have received the training required by this EMS/ECP. All engine room crew members 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) Target 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 Master 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 Target vessels covered under this ECP, 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 sealing 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 during each watch for vessels having a manned engine room or twice daily for those having an unmanned engine room. The Tank Sounding Log shall be initiated 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) Target 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 tubes, 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. Target 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 IC, TPA, and the United States. The Master of each Target 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 IC, TPA, 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 IC and TPA.

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 Target may increase or decrease. Any vessel, the operation, management, manning or control of which is assumed by Target shall be subject to the terms and conditions of this EMS/ECP. Any vessel removed from the operation, management, manning or control by Target, shall be excluded from the scope of the EMS/ECP. Target 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 Target vessels, to include the operation, management, manning or control of which is assumed by Target. Target 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 Target. Target 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 Target assumes operational, manning, or technical control of during the course of probation that is scheduled to call on the United States shall be audited in accordance with this ECP, and no later than 75 days after assuming control of the vessel.

P. SELF-ENFORCEMENT

Target 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 Target operated and/or managed vessels covered under this ECP, as well as by all shore side employees, managers and other employees of Target subsidiaries, affiliated business entities (owned wholly or partially by Target) and agents of Target 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 Target be unable to comply with any of the deadlines, Target 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
Southern District of Alabama
Attn: Michael D. Anderson
Riverview Plaza 63 S. Royal Street Suite 600

(b) U.S. Department of Justice
Environmental Crimes Section
Attn: Steve DaFonio
601 "D" Street, NW,
Washington, D.C. 20504

(c) U.S. Coast Guard Commandant (CG-545)
CGINV-1
Attn: LT Eric Rivera, ECP Designated Representative of the Coast Guard
2100 Second Street, SW
Washington, D.C. 20593-0001

*Electronic copies of reports to the Coast Guard can be submitted to USCGECP@USCG.MIL

(d) U.S. Probation Department
Southern District of Alabama

Defendant has read this ECP carefully and understands it thoroughly. Defendant enters into this ECP knowingly and voluntarily, and therefore agrees to abide by its terms. By its signatures below, the corporate representative agrees that he/she is duly authorized by the corporation's Board of Directors or equivalent governing structure pursuant to the same notarized legal document filed in United States v. Target Shipping PTE. LTD, certifying that Defendant company is authorized to enter into and comply with all of the provisions of this ECP agreement.

DATED: 25th MAY 2012

TARGET SHIPPING PTE. LTD.

By:


Prakash PRakash SACHAR

As counsel for Defendant, we represent that we have discussed with our corporate client and its duly authorized representative(s) the terms of this EMS/ECP and have fully explained its requirements. We have no reason to doubt that our client is knowingly and voluntarily entering into this EMS/ECP.

DATED:

Michael J Chalos
MICHAEL CHALOS
Counsel for Target Shipping PTE. LTD.

On behalf of the United States, the following agree to the terms of the EMS/ECP:

DATED:

5/29/12

Michael D. Anderson
Michael D. Anderson
Assistant United States Attorney

DATED:

5/29/12

David O'Connell by *MDC*
David O'Connell
Trial Attorney
Environmental Crimes Section

United States v. Target Ship Management Pte Ltd.

Environmental Compliance Plan (ECP)

Appendix J

Vessel	IMO Number
MV SRI PREM VEENA	9336373
MV GARIMA PREM	9349320
MV GARV PREM	9386251
MV GAURAV PREM	9305142
MV GAURI PREM	9318369
MV CHITRA PREM	9426049

**LIST OF ALL VESSELS MANAGED AND/ OR OPERATED
BY TARGET SHIP MANAGEMENT
AS OF THE DATE OF ENTRY OF THE PLEA**

Appendix 2

M/V SRI PREM VEENA

M/V GARIMA PREM

M/V GARV PREM

M/V GAURAV PREM

M/V GAURI PREM

M/V CHITRA PREM

M/V SRI PREM APARNA

M/V SRI PREM VIDYA

M/V SRI PREM VARSHA

M/V KESARI PREM

M/V KANAK PREM

M/V KALPANA PREM

M/V SRI PREM PUTLI