

Collective Bargaining Agreement

Between

OSG OVERSEAS SHIP MANAGEMENT (CANADA) INC.

hereinafter referred to as

THE COMPANY

AND



SEAFARERS' INTERNATIONAL UNION OF CANADA

1333 St. Jacques Street
Montreal, Quebec
Canada, H3C 4K2

hereinafter referred to as

THE UNION

Effective August 1, 2006 and expiring December 31st, 2011

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13637(01)

ARTICLE 1 - PURPOSE AND SCOPE

- 1.1 The purpose of this collective bargaining agreement ("**Agreement**") is:
- (a) to establish the terms and conditions of employment and related matters for the unlicensed personnel (hereinafter referred to as "**Unlicensed Employees**" or "**Employees**") employed on board the Overseas Shirley (also referred to herein as "**vessel**" or "**ship**"); and
 - (b) to establish a procedure for the final settlement of differences concerning the interpretation, administration and application of alleged violations of any of the provisions of this Agreement.
- 1.2 A party proposing an amendment to this Agreement shall submit a written draft of the suggested amendment to the other **party** to the Agreement, along with a notice in writing of the suggested time and place of a joint meeting to discuss the proposal.

A party proposing an amendment under this paragraph 1.2 shall give the other party at least seven (7) clear Days (as hereinafter defined) notice thereof.

Before any amendment to this Agreement, which has been agreed to by all parties hereto, becomes operative, it shall be reduced to writing, state the effective date of the amended provision, and be executed in the same manner as the Agreement and all formalities provided by the *Canada Labour Code* shall be completed.

- 1.3 The Company acknowledges the Union as the sole bargaining agent for all Unlicensed Employees employed on board the Overseas Shirley.
- 1.4 Any notice required to be given to the Union pursuant to this Agreement shall be delivered or transmitted by fax to the Office of the Union at 1333 St. Jacques Street, Montreal, Quebec, H3C 4K2, or at any other address which the Union may designate and which the Union shall notify the Company in writing; fax number (514) 931-3667.
- 1.5 Any notice required to be given to the Company pursuant to this Agreement shall be delivered in writing to OSG Overseas Ship Management (Canada) Inc. c/o Captain Ray Nelson, Marine Director, Quorum 4, Balliol Business Park East, Benton Lane, Newcastle upon Tyne NE12 8EZ, or at any other address which the Company may designate and which the Company shall notify the Union in writing; Fax number 44870-243-8323.

ARTICLE 2 - MANAGEMENT RIGHTS

- 2.1 The Company has and shall retain the exclusive right to manage its business and direct its working forces in the most economical manner possible. The Company has the right to hire, discipline and discharge for just cause, and promote Employees in accordance with the provisions of this Agreement.
- 2.2 The right of any Employee to employment with the Company will be conditional upon the Employee being medically fit to perform his duties. The Company will require that all newly
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hired Employees undergo a pre-employment medical examination including a drug and alcohol test and be in possession of a medical fitness certificate at all times. The Company reserves the right to require a medical examination of any present or future Employee to be carried out at any time as directed by the Company, and to require certification from a medical practitioner to the effect that the Employee or applicant for employment is medically fit to perform the duties of the job in question. All medical examinations will be conducted by a medical practitioner approved by Transport Canada. Where the Company requires a current Employee to undergo a medical examination, the Company will pay the fee charged for the examination. This paragraph 2.2 should be read in conjunction with the Company's drug and alcohol policy described at Article 21 of this Agreement.

- 2.3 Discipline shall be governed by the principles and procedures laid out in the disciplinary code as agreed by the Company and the Union, attached herewith as **Schedule 2.3**.

ARTICLE 3 - DISCRIMINATION

- 3.1 The Company will not discriminate against an Employee because of membership in the Union, any activity authorized herein on behalf of the Union or for exercising his rights under the *Canada Labour Code* or as provided by this Agreement.
- 3.2 The Union agrees not to intimidate, coerce or threaten Employees in any manner that will interfere with or hinder the effective carrying out of this Agreement and the principles contained herein, and will assist and co-operate with the Master of the Overseas Shirley (hereinafter referred to as the "**Master**") and other management representatives of the Company in maintaining discipline aboard ship.
- 3.3 The Company and the Union agree that they will not threaten, intimidate or unlawfully discriminate in the workplace against any Employee by reason of race, national or ethnic origin, colour, religion, age, sex, sexual orientation, marital status, family status, disability, a conviction for which a pardon has been granted or any other ground protected by the *Canadian Human Rights Act*.

ARTICLE 4 - MEMBERSHIP AND DUES DEDUCTION

- 4.1 The Company agrees to retain in its employ as Employees only members in Good Standing (as hereinafter defined) of the Union. Such members shall, as a condition of employment, maintain their membership in the Union for the duration of this Agreement. Any person not a member of the Union shall, within thirty (30) Days of employment, submit an application for membership in the Union. If the Union refuses to accept such person, a satisfactory written statement of reason must be supplied by the Union to the Company.
- 4.2 "Good Standing" means that a member has not failed to pay the periodic dues, assessments and initiation fees uniformly required to be paid by all members of the Union.
- 4.3 The Union shall indemnify the Company, its vessels, Employees, servants and agents and hold it or any of them harmless against any and all suits, claims, demands and liabilities that arise out of, or by reason of, any action taken by it, them or any of them for the purpose of complying with the provisions of this section or that arise out of, or by any reason of, reliance by it, them or any of them on any list or notice furnished to the Company by the Union pursuant to the provisions of

this section, or by reason of compliance, by the Company, with the provisions of Article 4.9 (Dues Deduction).

- 4.4 The Company agrees that during the period that this Agreement is in effect, all personnel to be hired shall be requested through the offices of the Union closest to the geographic location of the Overseas Shirley. In addition, the Union shall supply the name of the Employee to be dispatched, as soon as such name is determined, to the person having made such a request.

For the purposes of the present Article, the Company may contract out its hiring rights but agrees to maintain the Union dispatch hall as the primary source for recruitment.

The parties agree that where the Union fails, or is unable to fulfill a request for unlicensed replacement personnel acceptable to the Company within forty-eight (48) hours of the receipt of the Company's request, the Company shall be free to engage such unlicensed personnel through any other available source.

- 4.5 The actual selection and hiring of Employees shall be at the discretion of the Company. Employees who, following a technical interview, are not accepted by the Company must be notified in writing of the reason for non-acceptance, with a copy provided to the Union. The Company shall only be required to show that it acted reasonably in judging the Employee unsuitable for employment.
- 4.6 When an Employee is dispatched to the Overseas Shirley at the Company's request and is refused by the Master for just cause, such Employee shall be paid for out of pocket transportation expenses to and from the Overseas Shirley and one (1) Day's pay.
- 4.7 The Union agrees that membership in the Union shall not be denied, suspended or terminated for any reason other than in accordance with the Constitution, Rules and Regulations of the Union.
- 4.8 Should the Company require an Employee to present himself for an employment interview at any Company office, or at any other location not in the vicinity of the Employee's residence, he will be reimbursed for reasonable traveling expenses according to the Company's travel expense policy.
- 4.9 The Company agrees to deduct from the wages of each Employee the monthly dues and/or assessments and/or initiation fees and/or any other amounts as specified by the Union. The deductions will be made from the Employee's pay cheque each month and remitted to Union Headquarters by the end of each calendar month in which the deduction was made. The Union will notify the Company of the amount of the regular monthly dues and of any changes in that amount. A minimum of thirty (30) Days notice of any change in the amount to be deducted by the Company shall be provided to it in writing.

ARTICLE 5 - UNION REPRESENTATION

- 5.1 The Union agrees to notify the Company in writing of the names of its officers and to inform the Company, in the same manner, of any changes. Thereafter, the Company shall conduct all its dealings with the Union through these designated representatives.



ARTICLE 6 - BOARDING OF VESSELS

- 6.1 The Company agrees to issue passes to Union officers for the purpose of consulting with the Employees aboard the Overseas Shirley in respect of Union business.
- 6.2 Officers of the Union may board, and remain on board, the Overseas Shirley only while she is in port. Arrangements to board the Overseas Shirley must be made through the Company's office, on reasonable notice. Any Union officer boarding must immediately report to the Master or his designate. While onboard, Union officers may confer with Employees, but otherwise may engage in discussion only with the Master in respect of any dispute or grievance. Union officers shall not have the right to interfere in any way with the operations of the Overseas Shirley.
- 6.3 The Company, upon receiving a waiver in a form satisfactory to the Company, of any claim for any damage resulting from any accident or injury in or about Company property, shall thereupon issue a pass to a Union officer enabling him to board the Overseas Shirley while in port for the purpose set out in this Article 6. In the event the Union withdraws the privilege of boarding the Overseas Shirley from the designated Union officer, the Union undertakes to notify the Company to revoke such pass.
- 6.4 The Union officer shall not violate any provision of this Agreement or interfere with the Employees aboard the Overseas Shirley or delay her work, subject to the penalty of revocation of the pass granted by the Company pursuant to this Article 6.
- 6.5 The Company assumes no liability for securing passes to, or through, property owned or controlled by others, but the Company agrees to co-operate with the Union in securing such passes.

ARTICLE 7 - LABOUR-MANAGEMENT COMMITTEE

- 7.1 The Company and the Union agree to form a Labour-Management Committee consisting of senior Company and Union officers in order to provide a forum for the discussion of any issue, save and except matters which are subject to the grievance/arbitration procedure provided by this Agreement.
- 7.2 The Labour-Management Committee will meet at least once each calendar year, but can also meet at the request of either party. These routine meetings are to coincide with those of the Health and Safety Committee, as described at Article 20.
- 7.3 The parties will agree in advance on the agenda for each meeting. After each meeting, minutes will be prepared, circulated and signed off by the parties.

ARTICLE 8 - DEFINITIONS

- 8.1 In this Agreement, "Day" means a twenty-four (24) hour day commencing at 0000 hours on one day and ending at 2400 hours on the same day.
- 8.2 In this Agreement, words importing male persons shall include female persons and corporations. Words in the singular include the plural and *vice-versa*.
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- 8.3 In this Agreement, "Employee" means an Employee in the unlicensed bargaining unit covered by this Agreement.
- 8.4 In this Agreement, "Year of Service" means a period consisting of twelve (12) months.
- 8.5 In this Agreement, "Company" means OSG Overseas Ship Management (Canada) Inc.
- 8.6 In this Agreement, "Union" means the Seafarers' International Union of Canada.

ARTICLE 9 - PROBATIONARY EMPLOYEES

- 9.1 An Employee shall be considered to be a probationary Employee until he has effectively worked for two tours of duty (as hereinafter defined), namely, a period of approximately one hundred and six (106) to one hundred and twenty (120) Days working aboard the Overseas Shirley. During the period of probation, the Employee's suitability for permanent employment will be assessed by the Company.
- 9.2 At any time during the probationary period, an Employee may be released by the Company if the Company judges the Employee unsuitable for permanent employment. Employees released during the probationary period cannot grieve their release.
- 9.3 Any Days previously worked for the Company by an Employee on a relief basis will be counted towards the probationary period.

ARTICLE 10 - LENGTH OF SERVICE AND SENIORITY

- 10.1 For the purposes of this Agreement, "Length of Service" with the Company means the total length of continuous service with the Company as an Employee, providing he has successfully completed the probationary period provided for by Article 9 of this Agreement.

For the purposes of this Agreement, "Seniority" means the length of time served in a particular rank, up to a maximum of five (5) years. Seniority has been incorporated into the wage scales and is shown as an incremental increase in salary as each year in that rank is attained. When promoted to a higher rank, seniority reverts to zero.

- 10.2 If two (2) or more Employees have the same seniority, the length of service with the Company shall be taken into account and the Employee having the longer Length of Service will be considered to be the more senior.
- 10.3 A "Length of Service" list will be compiled by the Company and will be revised annually. Such list will show the Employee's name and/or start date with the Company.
- 10.4 In the event an Employee is promoted to a position outside his bargaining unit, he will accrue seniority in rank for wage purposes only, provided he continues his employ within the Company, or any of its parent, subsidiary and/or affiliated Companies.
- 10.5 An Employee shall lose his employment, length of service standing and/or seniority in rank in

any one of the following cases:

- (a) where the Employee voluntarily resigns;
- (b) where the Employee is discharged for just cause;
- (c) where the Employee is laid off and fails to return to work within fifteen (15) Days after the Company has delivered written notice to him and to the Union, by prepaid registered post, advising him to return to work;
- (d) where the Employee has been laid off because of lack of work for a continuous period of more than twenty-four (24) months;
- (e) where the Employee does not work because of illness for a continuous period of more than twenty four (24) months;
- (f) where the Employee is absent from work for five (5) or more Days without having provided the Company with the reasons for, and notice of, such absence; and
- (g) a breach of paragraph 12.10 of this Agreement without a valid reason.

10.6 In the selection of Employees for promotion within the bargaining unit, where ability, qualification and seniority in rank are equal, length of service with the Company shall be the determining factor.

10.7 Notwithstanding any other provision contained in this Agreement, the Company may, at its discretion, promote a Company Employee in order to fill a temporary vacancy for a period not exceeding sixty (60) Days. At or before the expiry of this sixty (60) Day period, the Company shall fill the vacancy in accordance with the express provisions of this Agreement.

ARTICLE 11 -LAYOFF AND RECALL

11.1 It is agreed that in the event of layoffs, re-hires and placements within the bargaining unit, where skill and efficiency are relatively equal, preference will be given to the Employee with the greatest length of service with the Company.

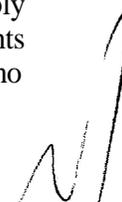
11.2 Notice of recall will be given by telephone at least seventy-two (72) hours in advance of the scheduled report time, unless exceptional circumstances preclude such advance notice. It is the responsibility of the Employee to ensure that the Company is always advised in writing of how best to contact the Employee for purposes of recall from layoff.

ARTICLE 12 -TOURS OF DUTY AND HOURS OF WORK

12.1 The Union and the Company agree that a tour of duty be approximately two (2) months on board ship, followed by approximately two (2) months off the ship, acknowledged as a two (2) on and two (2) off system (hereinafter referred to as a "Tour of Duty"). For every month of work, an Employee is credited with one (1) month's leave. The Company will do everything possible to maintain this schedule but reserves the right to extend, or shorten, this schedule in order to allow

the vessel to reach the port determined by the Company to be appropriate for Employees to leave or join the vessel. Under usual vessel trading pattern, where the vessel is anchored awaiting port operations, the maximum relief schedule adjustment should not exceed five (5) Days, in which case the Company will provide, at its own cost, a shuttle service to permit a crew change to take place, A Tour of Duty may be extended beyond two months with the consent of the Company, the Employee and the Union.

- 12.2** Employees shall work an eight (8) hour work Day but from time to time, may be requested to work up to twelve (12) hours per Day without the payment of overtime. Employees shall be expected to work any hours necessary to operate, overhaul, or otherwise preserve the safety, efficiency, and operation of the Overseas Shirley and her crew or to perform Maintenance Work (as hereinafter defined). An Employee may submit a written request to extend his Tour of Duty in order to accumulate a longer period of leave. Approval of such a request will be at the discretion of the Company and will be subject to operational considerations, but at no time to the detriment of another Employee wishing to return to work.
- 12.3** The Company and the Union agree that the hours of work and rest regulations contained in the *Canada Shipping Act*, as amended from time to time, shall be strictly adhered to.
- 12.4** Day-working Employees will work an eight (8) hour work Day, but, from time to time, may be requested to work up to twelve (12) hours per Day without the payment of overtime. Twelve (12) hours per Day means that the normal working hours can be adjusted to meet the requirements of the job. However, if more than twelve (12) hours of work are required during the Day, hours in excess of twelve (12) hours qualify as Extra Overtime (as hereinafter defined) and Extra Overtime provisions shall apply.
- 12.5** A minimum of seven (7) Days' notice in writing must be given to the Master by an Employee intending to take leave. However, having regard to the need of the Company to be able to continue to operate the Overseas Shirley with a sufficient number of qualified Employees at all times, the right to begin a period of leave is conditional upon the approval of the Company. Such approval shall not be unreasonably withheld.
- 12.6** Where Employees are required to work six (6) and six (6) shifts, shifts shall be as assigned by the Master with due consideration given to seniority and ability.
- 12.7** Should an Employee fail to report for duty as scheduled, the Employee he was to replace must remain on duty until a substitute is secured. The extra hours worked by the Employee remaining on watch will be owed to him by the Employee who was missing from his watch and must be compensated in time.
- 12.8** When the vessel is at a dock, an Employee may leave the vessel but must return to the vessel not less than thirty (30) minutes prior to his assigned shift or to the time of sailing, whichever is earlier. The time of sailing will be posted on the vessel's notice board.
- 12.9** With the prior approval of the Master or Chief Engineer, which shall not be unreasonably withheld, an Employee may, while the vessel is in port or at anchor, make private arrangements with other Employees to exchange watches, thereby enabling him to go ashore. There shall be no additional cost to the Company as a result of any such exchange of watches.



- 12.10** If an Employee misses the vessel due to the fact that it sails before the posted sailing time, he will notify the Master by telephone within two (2) hours of the original posted sailing time, and if the Employee joins the vessel at the first point where it can be boarded, he will be reinstated and reimbursed for his transportation costs to the vessel, provided he notifies the Master as soon as possible of his intention to rejoin the vessel. There will be no interruption in service of the Employee under these circumstances.
- 12.11** If an Employee misses the vessel due to circumstances for which he cannot be held responsible, he will be reinstated provided that he promptly notifies the Master or the Company's office of his intention to rejoin the vessel and rejoins the vessel at the first point where it can be boarded. All transportation costs will be borne by the Employee.
- 12.12** "Maintenance Work" means painting, chipping, soogeeing, scraping or repairing ship's gear, Deck maintenance work, except when concerned with the safe navigation of the vessel, shall be performed between 06:00 and 18:00 hours.

ARTICLE 13 - RATES OF PAY AND PAID LEAVE SYSTEM

- 13.1** Gross wages will be paid as per the Company's salary scale set out in **Appendix "D"**.
- 13.2** In accordance with paragraph 12.1, an Employee will be entitled to one (1) Day's leave for each full Day worked on board ship.
- 13.3** Each Employee will receive a regular monthly pay cheque while on board ship and while on shore leave.
- 13.4** Where the twelve (12) hour Day applies, the time off schedule will consist of one (1) Day off with pay plus a leave Day premium of point one five (0.15) Days for each twelve hour Day worked.
- 13.5** The annual salary as detailed in **Appendix "D"** is inclusive of working eighty-four (84) hours per week while on the vessel, statutory pay, vacation pay and the leave Day premium of 0.15 Days per paragraph 13.4 above.

ARTICLE 14 - EXTRA OVERTIME

- 14.1** All hours worked in excess of twelve (12) hours in a Day (hereinafter referred to as "Extra Overtime") will be paid at the overtime hourly wage rate as detailed in **Appendix "D"**. Any portion of the first hour worked in excess of twelve (12) hours will be paid as a full hour and following such first hour, as a half hour.
- 14.2** Extra Overtime will be recognized only when it has been approved by the Master in writing prior to the Extra Overtime being worked.
- 14.3** No Employee shall be required to perform more than sixteen (16) hours of continuous work, excluding meal hours, in a twenty-four (24) hour period.
- 14.4** The Master will ensure that Extra Overtime work is distributed equitably among the Employees.
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- 14.5 Any work necessary for the safety of the vessel, passengers, crew or cargo, or for the saving of, or rendering assistance to, other vessels, lives, property or cargo, will be performed at any time, on immediate call, by all Employees and notwithstanding any provisions of this Agreement which might be construed to the contrary. In no event shall Extra Overtime be paid for the work performed in connection with these emergency duties of which the Master will be the sole judge. Further, the Master may, whenever he deems it advisable, require any Employee to participate in lifeboat or other emergency drills without incurring Extra Overtime.

ARTICLE 15 -MEALS

- 15.1 Employees who are entitled to meals while on Company business will be reimbursed upon submission of bona fide receipts for the reasonable costs incurred by them in the purchase of meals only when the Company is unable to provide the Employee with a meal(s) on board the ship. Allowable costs for such meals are set out at paragraph 17.6.
- 15.2 All Employees shall be permitted thirty (30) minutes free from work for the purpose of eating each meal.

ARTICLE 16 -WAGE ADMINISTRATION

- 16.1 The basic rates of pay for the Employees covered by this Agreement are set forth at **Appendix "D"**.
- 16.2 When an Employee is temporarily assigned by the Master to a higher paid position for a period of at least one (1) shift, for the purpose of replacing an Employee who is injured, sick or absent, the Employee will receive the rate of the position to which he has been temporarily assigned to by the Master. If assigned to a lower paid position for the purpose of replacing an Employee who is injured, sick, or absent, the Employee will continue to receive the rate of his regular position rather than the lower rate of the position to which he has been temporarily assigned.
- 16.3 Wages will be paid by way of direct deposit into the Employee's bank account no later than two (2) Days following the end of each pay period. The pay stub will be sent to the Employee aboard the vessel. Each Employee must provide the Company with an authorization for direct deposit and all relevant banking information as well as any changes related thereto.
- 16.4 Wages paid into an Employee's bank account shall have deducted at source all legal and statutory deductions. Deductions shall also be made with respect to the Employee's RRSP contribution, more fully described at **Appendix "C"** of this Agreement. In addition, onboard deductions for cash advance, slop chest and radio accounts will be made a month in arrears (for example, April onboard deductions will be deducted from May wages).

ARTICLE 17 - TRANSPORTATION COSTS

- 17.1 Upon joining or leaving the vessel for leave or work periods, the Company agrees to pay the reasonable transportation costs for an Employee to travel to and from his home in Canada but no further west than the Province of Ontario. These costs are to include economy surface passage, economy air fare or a two-way car allowance where public transportation is not available as well as meals and berth. The car allowance will be equal to thirty-three cents (\$0.33) per kilometer. In all cases, the Employee shall provide the Company with appropriate receipts and vouchers.



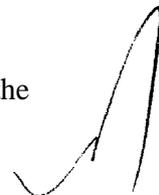
- 17.2** To be eligible to have the Company pay the transportation costs, the Employee must complete his assigned Tour of Duty. If an Employee resigns or is dismissed for just cause, transportation costs will not be paid by the Company.
- 17.3** An Employee shall be given forty-eight (48) hours notice prior to joining the Overseas Shirley, On the Day of travel, either for joining or leaving the vessel for a normal Tour of Duty, an Employee shall be credited with one half (1/2) Day of work and one half (1/2) Day of leave, regardless of whether or not the Employee works that Day. For administration purposes, the Company will credit a full Day of leave on the joining Day and the Day of leaving the ship would then be regarded as the date of starting earned voyage leave.
- 17.4** In the event an Employee is injured or becomes ill and a medical doctor determines that he must leave the vessel as a result, the Company will pay the Employee's transportation costs to the nearest suitable medical facility or to the Employee's residence.
- 17.5** If the Company requests an Employee to attend to any Company business, it will be without loss of pay or benefits and the Company shall reimburse the Employee for all reasonable expenses incurred by him upon production of acceptable receipts and vouchers.
- 17.6** The maximum allowable rate for meals shall be fifteen dollars (\$15.00) per meal, exclusive of taxes, and for a room, ninety-five dollars (\$95.00), exclusive of taxes. In both cases, the Employee must provide acceptable receipts and vouchers.

ARTICLE 18 -EMPLOYEE RESIGNATION

- 18.1** When an Employee decides to resign from employment with the Company, he must give the Master a minimum of seventy-two (72) hours notice in writing.
- 18.2** The Company will not pay the cost of transportation from the vessel to an Employee's home where an Employee resigns while working on board the vessel. Should an Employee work less than fifteen (15) Days of his scheduled Tour of Duty, the Company shall be entitled to recover all related expenses incurred while joining the vessel. If the ship is trading outside of Canadian waters and the Company is required to repatriate the Employee, the cost of repatriation will be deducted from the Employee's pay cheque.

ARTICLE 19 -LEAVES OF ABSENCE

- 19.1** An Employee who has completed the probationary period will be granted bereavement leave when a death occurs to a member of his immediate family, namely, his father, mother, spouse, child, brother or sister. The Employee granted leave to attend the funeral will be paid at his basic rate for time lost up to a maximum of five (5) Days. The Company will pay transportation costs from the vessel to the Employee's home under these circumstances upon presentation of appropriate receipts and vouchers.
- 19.2** Employees will be entitled to a leave of absence of a reasonable duration without pay in the event of either illness or injury to himself or a member of his immediate family.
- 19.3** Employees will be entitled to leave for child care in accordance with the provisions of the *Canada Labour Code*.



- 19.4** Claims for leave under this Article 19 must be supported by proper medical or bereavement evidence upon returning to the vessel. Failure to provide such evidence will result in the Employee forfeiting his right to employment with the Company.
- 19.5** An Employee returning from leave under paragraphs 19.1 or 19.2 shall notify the Company's office seventy-two (72) hours in advance of the time he is ready to return to the vessel.
- 19.6** The Company will assist in providing adequate time off without pay for Employees wishing to attend school for the purposes of maintaining their present qualifications or to upgrade their certifications, upon mutual agreement and when in the best interests of the Company.

ARTICLE 20 -HEALTH AND SAFETY

- 20.1** A shipboard safety committee (hereinafter referred to as the "Committee"), having at least one Union officer on it and one Company representative, shall be established to promote safe and healthy working conditions for the persons employed on the Overseas Shirley. The Committee shall hold meetings as necessary but no less than once per year. These routine meetings are to coincide with the Labour Management Committee meeting as described in Article 7. Minutes of the meetings will be kept and forwarded to the Company's designated representative for information and circulation.
- 20.2** All safety regulations of the Company which are in effect or come into effect shall be strictly adhered to by each Employee. The failure of an Employee to comply with safety regulations may be considered to be just cause for dismissal.
- 20.3** No animals or pets will be permitted on board the ship.

ARTICLE 21 -DRUG AND ALCOHOL POLICY

21.1 Purpose

To prohibit the use of drugs and alcohol onboard.

The Company does not supply alcohol to vessels covered by this Agreement. The vessel will operate as a "dry ship".

It ensures that ship staff does not navigate or operate equipment while impaired by drugs or alcohol and that they are able to respond to an emergency at any time.

Any drug and alcohol procedures laid down in the charter **party**, exceeding this procedure, will supersede it onboard vessels covered by this agreement.

21.2 Responsibilities

Management

- Verifying that ship staff complies with these procedures by instigating, when applicable, unannounced drug and alcohol tests.
- Conveying, to the Master, any additional drug and alcohol procedures laid down in the (charter party) exceeding these procedures.

Master

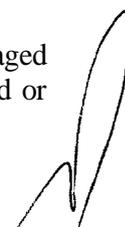
- Ensuring that all ship's staff comply with the drug and alcohol procedures and other external laws relevant to the trade of the vessel.
- e Ascertaining that all ship's staff comply with any drug and alcohol procedures laid down in the charter party, which exceeds these procedures.

Ship staff

- Never performing duties or operating equipment while impaired by drugs or alcohol and at all times being able to respond to an emergency.
- Never bringing on board any illegal drug or alcohol for use, distribution or sale.
- Never handing over any shipboard duties to anyone suspected to be under the effect of drugs or alcohol; if in doubt, informing the Master.

21.3 Policy

- e All ship staff are subject to drug and alcohol testing during scheduled physical examinations.
- Third party unannounced drug / alcohol testing will be arranged such that all crewmembers onboard the vessel at the time of the scheduled test be tested, and that the vessel be scheduled for testing at least once per year. Other testing may be carried out by Marine Safety Inspectors, Master / designated officer or authorized persons as required.
- e Whenever ship staff carries out alcohol testing, complete the Drug Alcohol/Testing Form and file it onboard. A copy is to be forwarded to the Fleet Manager as soon as possible.
- It is forbidden for alcohol to be consumed or stored on board at any time. Ship's staff are not allowed to bring any kind of alcoholic beverage onboard.
- The blood alcohol content for anyone onboard must not exceed 0.0 % at any time.
- e The Company will co-operate with authorities in investigation of any drug and alcohol related incidents. Any Employee involved with illegal drugs may be reported to the local legal authorities.
- The Company has the right to request testing of any crewmember if it is suspected that their blood alcohol content exceeds 0.0 %.
- In the case of an incident, the Master can request that a crewmember be tested, provided that the vessel is equipped with approved equipment to prove their sobriety in accordance with the D&A Policy (as hereinafter defined).
- The crewmember can accede or decline testing initiated by the Master or Company Management. The results of the test, or refusal to do so, will be logged and will weigh heavily on the evidence when the company considers the matter. A refusal by a crewmember to prove his sobriety will be regarded as no proof of his sobriety.
- Mandatory breath analyzer and/or drug testing will be carried out in the event of a maritime incident where alcohol or drugs may have been a factor.
- Misuse of prescribed or non-prescribed drugs is prohibited. Employees are to be encouraged to seek medical advice if there are any doubts concerning the likely effect of prescribed or non-prescribed drugs.



- Supernumeraries, riding squads and visitors must comply with this policy. Disciplinary actions are to be taken towards Employees abusing alcohol and or drugs.
- The vessel may be searched for drugs prior to arrival in US ports, or when ever deemed necessary.

21.4 In addition to the foregoing, the Union and the Employees recognize that the Company must have a "zero tolerance" drug and alcohol policy (hereinafter referred to as the "D&A Policy") in place in order to transact business. The D&A Policy is attached hereto as **Appendix "E"**.

21.5 The content of the D&A Policy may be modified by the Company from time to time on advance notice to the Union and the Employees but its primary elements are:

- (a) there will be no drugs or alcohol permitted on board the Overseas Shirley at any time;
- (b) Employees returning to the vessel from any shore leave must be in a sober condition;
- (c) failure to comply with the D&A Policy may result in discipline, up to and including dismissal; and
- (d) Employees are subject to regularly scheduled and random drug and alcohol testing.

21.6 The D&A Policy shall be governed by applicable Canadian law.

ARTICLE 22 - FAMILY VISITATION

22.1 With the prior approval of the Master, which shall not be unreasonably withheld, an Employee may, only while the vessel is in **port**, bring his spouse and family aboard for a visit, with the exception of children under twelve (12) years of age. Immediately upon coming on board, the Employee and his family members must sign a waiver releasing the Company from any and all liability and while on board, must observe the Company's safety policies.

ARTICLE 23 - COMPANY DISCIPLINARY POLICY AND PROCEDURES

23.1 Section 1

The following acts of misconduct, if proved to the reasonable satisfaction of the Master to have been committed, are those which amount to just cause and for which dismissal from the ship, either immediately or at the end of the voyage, may, according to the circumstances of the case, be considered appropriate, apart, from any legal action which may be called for:

- Assault;
- Willful damage to ship or any property on board, theft or possession of stolen property and possession of weapons;
- Persistent or willful failure to perform duty;
- Possession or distribution of illegal drugs or alcohol;
- Conduct endangering the ship or persons on board;

- Combination with others at sea to impede the progress of the voyage or navigation of the ship;
- Disobedience of orders relating to safety of the ship or any person on board;
- To be asleep on duty or fail to remain on duty if such conduct would prejudice the safety of the ship or any person on board;
- Incapacity, through the influence of alcohol or drugs, to carry out duty to the prejudice of the ship or of any person on board;
- To smoke, use a naked light or an unapproved electric torch in any part of the ship carrying dangerous cargo or stores where smoking or the use of naked lights or unapproved torches is prohibited;
- Intimidation, coercion and interference with the work or other Employees;
- Behavior which seriously detracts from the safe and efficient working of the ship and which seriously detracts from the well-being of any other persons on board;
- Causing or permitting unauthorized persons to be on board the ship whilst it is at sea;
- The solicitation or acceptance of any gratuities or favours, whether in cash or in kind, in the course of, or related to, service with the Company; and
- Repeated acts of misconduct of a lesser degree listed in paragraph 23.3 below, after warnings have been given in accordance with the procedures listed in paragraph 23.2.

23.2 Section 2

Lesser acts of misconduct may be dealt with by:

- An informal warning administered at an appropriate level lower than that of the Master and which may be recorded on the Company form; or
- A formal warning by the Master, recorded in the ship's official logbook and the Company form.

23.3 Section 3

The following acts of misconduct, if proved to the reasonable satisfaction of the Master or department head to have been committed, for which the procedures in paragraph 23.2 are considered appropriate are:

- Offences of the kind described in paragraph 23.1 which are not considered to justify dismissal in the particular circumstances of the case;
- Minor acts of negligence, neglect of duty, disobedience or assault; unsatisfactory work performance and poor time keeping;
- Stopping work before the authorized time;
- Failure to report to work without a satisfactory reason;
- Absence from place of duty or from ship without leave and offensive or disorderly behavior.

23.4 Section 4

In the event of a dismissal from the ship, the Company's designated manager will review the circumstances of the Employee's dismissal and decide whether the individual's employment should be terminated. The Employee will be advised in writing of the outcome of the hearing. The Employee may take up the matter with the Company's designated representative.

The onboard procedure to be followed in the case of a breach, or continued breaches, of Company disciplinary policy, with the exception of those breaches that require dismissal from the vessel or the Company is as follows:

- | | | |
|----|-------------------------|--------------------|
| 1) | Recorded Verbal Warning | Head of Department |
| 2) | Written Warning | Master |
| 3) | Final Written Warning | Master |
| 4) | Written Dismissal | Master |

All breaches of the disciplinary policy are to be recorded in the official log book in addition to use of Company form 8-43.

- 23.5 This Article 23 shall be read in conjunction with the disciplinary code attached herewith as Schedule 2.3.

ARTICLE 24 - MARINE DISASTER

- 24.1 An Employee who, while employed by the Company, suffers loss of clothing or other personal effects of any kind because of a marine disaster or shipwreck, shall be compensated by the Company for such loss, up to a maximum of two thousand five hundred dollars (\$2,500.00).
- 24.2 An Employee or his estate making a claim under this Article shall submit reasonable proof to the Company of the actual loss he has suffered,

ARTICLE 25 - GRIEVANCE PROCEDURE

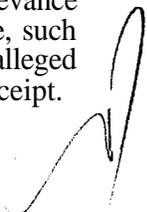
- 25.1 In the event where a difference arises between the parties as to the interpretation, application, administration or an alleged contravention of the Agreement, there shall be **no** interruption or impeding of work, and the parties shall endeavour to resolve the difference in the following manner:

a) STEP ONE

The Employee should first raise the matter with his department head within five (5) Days of its occurrence, who will attempt to resolve the matter.

b) STEP TWO

In the event that the department head is unable to resolve the difference, an Employee who believes he has a grievance must submit that grievance in writing to the Master of the vessel within ten (10) Days of its alleged occurrence. The Master must reply to the written grievance within ten (10) Days of its receipt. If the Master is not living aboard or is not available, such grievance must be submitted directly to the Company within the same time limit of its alleged occurrence. The Company must reply to the written grievance within ten (10) Days of its receipt.



c) STEPTHREE

If no settlement is reached under Step Two or if the Company does not respond, the Union officer acting on the Employee's behalf must, within thirty (30) Days from the date the grievance is filed under Step Two, meet with a Company representative in order to discuss the grievance, and if possible, to reach a settlement. The Company representative shall render his decision in writing.

d) STEP FOUR

If no settlement is reached under Step Three, either party must indicate its intention to proceed to arbitration by notifying the other party by registered mail or facsimile within ten (10) Days of receipt of the decision under Step Three.

ARTICLE 26 - ARBITRATION PROCEDURE

26.1 The parties, by mutual agreement, agree to name Messrs. Michel Picher, André Sylvestre or Jean-Guy Clément as Arbitrator, to arbitrate all outstanding grievances under this Agreement.

If one of the above-named arbitrators cannot find an available date within ninety (90) Days of his nomination for a hearing, the parties agree to name another Arbitrator to cover such situations.

If mutual agreement cannot be reached as to the selection of an Arbitrator, either party may then request the Federal Minister of Labour to appoint an Arbitrator.

26.2 A statement of the dispute or question to be arbitrated shall be submitted by the grieving party to the Arbitrator forty-five (45) days before the hearing date.

26.3 An Arbitrator, to which a matter is referred, shall hear all evidence in the case and shall render a decision, which decision shall be final and binding upon the parties to this Agreement.

An Arbitrator, is not authorized to alter, modify, or amend any part of this Agreement provided that the Arbitrator shall have the power to make a just and equitable determination of questions concerning discipline and discharge and this shall include the right to award with, or without, degrees of compensation.

26.4 The expenses, fees and costs of the Arbitrator shall be paid by the party to this Agreement found to be in default upon the Arbitrator's resolution of the grievance or, if the Arbitrator resolves *the* grievance in such a way that neither side shall be found wholly in the right, then the arbitrator shall also establish the proper split of the expenses, fees and costs between the two parties in the proportion appropriate to the share of responsibility that each side had in the filing of the grievance.

ARTICLE 27 - STRIKES AND LOCKOUTS

27.1 The Union and the Company declare it to be their common intention that all controversies shall be resolved amicably in accordance with the provisions of this Agreement, and to this end:

- (a) the Union agrees that there shall be no strike, slowdown or stoppage of work for any reason during the term of this Agreement; and
- (b) the Company agrees that there shall be no lockout for any reason during the term of this

Agreement.

27.2 The Company will not expect Employees to **cross a lawful** picket line in **a** industry related to the business of the Company nor to perform the **work** of the individuals **on** strike. However, Employees **will** be **expected** to **remain on board the** vessel and perform their **regular** duties.

ARTICLE 28 -GENERAL PROVISIONS

28.1 Nothing **m this** Agreement **will** be construed so as to affect the obligations of the parties under the provisions of the *Canada Shipping Act*, or **any** other applicable legislation, **or** to impair, in any manner whatsoever, the authority of **the** Master.

28.2 **Where** Employees are displaced due to automation, mechanization, permanent reduction in the number of Employees because of the sale of a vessel, a layoff, or the **cessation** of the vessel's activities, either in whole or in part, the **provisions** of the *Canada Labour Code* related to **statutory termination** and severance pay **shall** apply.

28.3 **All amounts referred** to in **this** Agreement are to be paid in Canadian dollars.

ARTICLE 29 -DURATIONAND RENEWAL

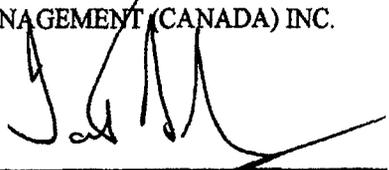
29.1 **This** agreement **shall** become effective **from** August 1st, 2006 **and unless** otherwise **noted** herein, **shall** continue in full force **and** effect until December 31st, 2011 inclusively **and thereafter**, from year to year **unless** either party **serves written notice** on the other party to the **contrary** at least ninety (90) Days prior to December 31st, 2011 **or** ninety Days prior to December 31st of any subsequent year.

IN WITNESS WHEREOF the parties **hereto** have signed **this** Agreement at **Montreal**, this 24th day of August, 2006.

OSG OVERSEAS SHIP
MANAGEMENT (CANADA) INC.

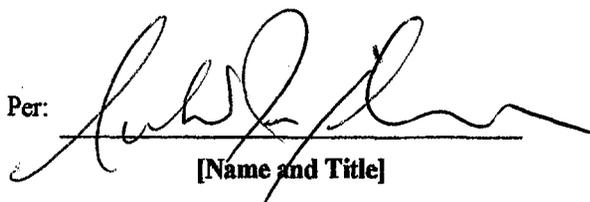
SEAFARERS' INTERNATIONAL
UNION OF CANADA

Per:



Ian Blackley

Per:



[Name and Title]

APPENDIX "A"

LETTER OF UNDERSTANDING

BETWEEN OSG **OVERSEAS SHIP** MANAGEMENT (CANADA) **INC.**

- **AND** -

THE **SEAFARERS 'INTERNATIONAL UNION OF CANADA**

Manning scale

The Company ~~agrees that~~ effective the date of **signing** of the Collective Bargaining Agreement, the manning **scale** for the Overseas Shirley will be **as** detailed in the ~~Transport~~ **Canada Minimum Safe Manning Document** as detailed below, and ~~will~~ not be reduced without the agreement of the **Union:**

Seaman (Bridge Watchman STCW 95 Reg II/4)	3
Seaman	1
Engine Room Assistant (ERA STCW 95 Reg III/4)	3
Chief Cook (Ships Cook EO ,1946, No 69)	1
TOTAL	8

Signed at Montreal, this 24 day of August, 2006.

OSG OVERSEAS SHIP
MANAGEMENT (CANADA) INC.

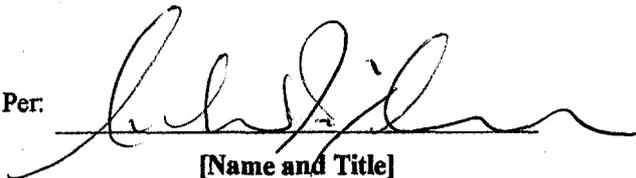
Per:



Ian Blackley

SEAFARERS 'INTERNATIONAL
UNION OF CANADA

Per:



[Name and Title]

Note: The manning of the Overseas Shirley shall be as follows:

- 1 Bosun
- 5 Able seamen
- 1 Pumpman
- 3 ERA
- 1 Chief cook
- 1 Second cook
- 1 Mess person

APPENDIX "B"

LETTER OF UNDERSTANDING

BETWEEN OSG OVERSEAS SHIP MANAGEMENT (CANADA) INC.

-AND-

THE SEAFARERS' INTERNATIONAL UNION OF CANADA

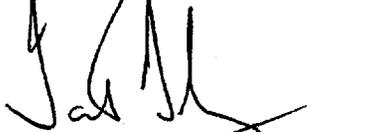
Seafarers' Group Benefit Plan

The Company *agrees* to provide to all Employees that have completed their probationary period in a satisfactory manner, a group benefit plan as to be *agreed* upon between the parties.

Signed at Montreal, this 24th day of August, 2006.

**OSG OVERSEAS SHIP
MANAGEMENT (CANADA) INC**

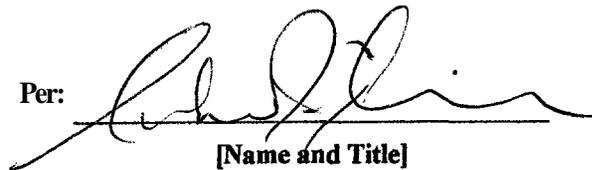
Per:



Ian Blackley

**SEAFARERS' INTERNATIONAL
UNION OF CANADA**

Per:



[Name and Title]

APPENDIX "C"

LETTER OF UNDERSTANDING

BETWEEN OSG OVERSEAS *SHIP MANAGEMENT* (CANADA) INC.

- AND -

THE SEAFARERS' INTERNATIONAL UNION OF CANADA

RRSP CONTRIBUTION

a) Each Employee who **has** completed their probationary period shall have **an annual** contribution made to his RRSP account equivalent to five (5%) **of** the **gross salary** as detailed in the Company's wage scale detailed at Appendix "D". Such contributions **shall** be made on a monthly basis.

Effective August 1st, 2009, **this contribution** shall be increased to **six** and one-half percent (6 1/2%).

b) Employees terminating **service** shall have their contribution pro-rated.

WELFARE HIRING HALL

The Company agrees to pay to the ~~Seafarers~~ International Union of **Canada** Dispatch Hall Fund the **sum** of one dollar and twenty-five **cents (\$1.25)** dollars per person per Day.

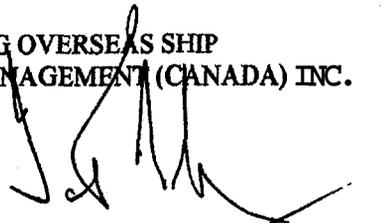
Effective August 1st, 2007, and for each subsequent year, **this contribution** **shall** be increased in accordance with the **cost** of living adjustment as determined by the Consumer **Price** Index published by Statistics Canada for the month of **May**.

For the purpose of making remittances, the dates for which such remittances shall be made will be quarterly, namely, ~~at~~ the **end** of March, June, September and December).

Signed at Montreal, this 27th day of August, 2006.

**OSG OVERSEAS SHIP
MANAGEMENT (CANADA) INC.**

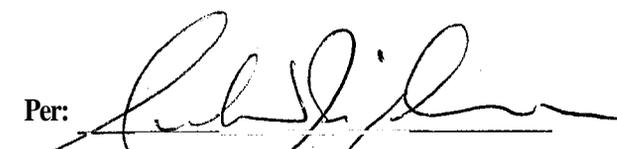
Per:



Ian Blackley

**SEAFARERS'INTERNATIONAL
UNION OF CANADA**

Per:



[Name and Title]

APPENDIX "D"

LETTER OF UNDERSTANDING

BETWEEN OSG OVERSEAS SHIP MANAGEMENT (CANADA) INC.

-AND-

THE SEAFARERS' INTERNATIONAL, UNION OF CANADA

WAGE SCALE CANADIAN RATINGS - **Unlicensed** Personnel

	System worked	
Bosun	2 2	Basic 30 Days Leave for 30 Days worked
Pumpman	2 2	Basic 30 Days Leave for 30 Days worked
Seaman (BWA)	2 2	Basic 30 Days Leave for 30 Days worked
ERA	2 2	Basic 30 Days Leave for 30 Days worked
Chief Cook	2 2	Basic 30 Days Leave for 30 Days worked
2nd Cook	2 2	Basic 30 Days Leave for 30 Days worked
Mess person	2 2	Basic 30 Days Leave for 30 Days worked

Seniority Increment, maximum 5 years, when promoted to a higher rank seniority reverts to zero.

Rank	Start	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
Bosun						
Monthly Rate	4,554.00	4,564.00	4,574.00	4,584.00	4,594.00	4,604.00
Annual Rate	54,648.00	54,768.00	54,888.00	55,008.00	55,128.00	55,248.00
Hourly Rate	12.65	12.68	12.71	12.73	12.76	12.79
Overtime Rate	18.98	19.02	19.06	19.10	19.14	19.18
Pumpman						
Monthly Rate	4,554.00	4,564.00	4,574.00	4,584.00	4,594.00	4,604.00
Annual Rate	54,648.00	54,768.00	54,888.00	55,008.00	55,128.00	55,248.00
Hourly Rate	12.65	12.68	12.71	12.73	12.76	12.79
Overtime Rate	18.98	19.02	19.06	19.10	19.14	19.18
Seaman (BWA)						
Monthly Rate	3,765.00	3,775.00	3,785.00	3,795.00	3,805.00	3,815.00
Annual Rate	45,180.00	45,300.00	45,420.00	45,540.00	45,660.00	45,780.00
Hourly Rate	10.46	10.49	10.51	10.54	10.57	10.60
Overtime Rate	15.69	15.73	15.77	15.81	15.85	15.90
ERA						
Monthly Rate	3,765.00	3,775.00			3,805.00	3,815.00

Hourly Rate	10.46	10.49	10.51	10.54	10.57	10.60
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Monthly Rate	4,554.00	4,564.00	4,574.00	4,584.00	4,594.00	4,604.00
Annual Rate	54,648.00	54,768.00	54,888.00	55,008.00	55,128.00	55,248.00
Hourly Rate	12.65	12.68	12.71	12.73	12.76	12.79
Overtime Rate	18.98	19.02	19.06	19.10	19.14	19.18
2nd Cook						
Monthly Rate	3,503.00	3,513.00	3,523.00	3,533.00	3,543.00	3,553.00
Annual Rate	42,036.00	42,156.00	42,276.00	42,396.00	42,516.00	42,636.00
Hourly Rate	9.73	9.76	9.79	9.81	9.84	9.87
Overtime Rate	14.60	14.64	14.68	14.72	14.76	14.80
Mess person						
Monthly Rate	3,152.00	3,162.00	3,172.00	3,182.00	3,192.00	3,202.00
Annual Rate	37,824.00	37,944.00	38,064.00	38,184.00	38,304.00	38,424.00
Hourly Rate	8.76	8.78	8.81	8.84	8.87	8.89
Overtime Rate	13.13	13.18	13.22	13.26	13.30	13.34

Effective August 1st 2007 and every year thereafter, all wages shall be increased by the greater of three per cent (3%) or the cost of living adjustment as determined by the Consumer Price Index published by Statistics Canada for the month of May.

Signed at Montreal, this 24th day of August, 2006.

OSG OVERSEAS SHIP
MANAGEMENT (CANADA) INC

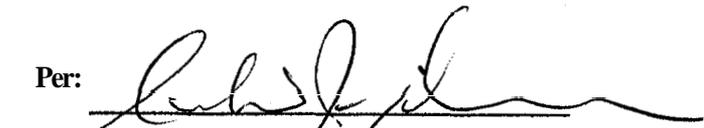
SEAFARERS' INTERNATIONAL
UNION OF CANADA

Per:



Ian Blackley

Per:



[Name and Title]

APPENDIX "E"

OSG OSG SHIP MANAGEMENT	Date : 01.01.06	Revision No: 0
OSG Management System Policy Manual	<u>Approved by:</u> P. Hatzikyriakos	<u>Compliance check by:</u> Z. Lebessi
CP-04 Drug and Alcohol Policy	<u>Authorised by:</u> Robert Johnston	

Alcohol, illegal drugs and the misuse of prescribed drugs are prohibited on Company's vessels.

This policy applies to all seafarers when on board a company vessel or at oil terminals or other facilities. Furthermore it includes company shore side staff and all non company personnel who board the vessel.

Seafarers may not assume their assigned duties, operate any equipment, or navigate the vessel whilst impaired by drugs or alcohol.

Seafarers shall not be intoxicated at any time while on board the vessel.

As a condition of employment all seafarers shall sign a declaration of acceptance after reading the company's drug and alcohol policy.

The company utilizes a system of random testing for alcohol and illegal drugs.

Disciplinary action up to and including dismissal may be taken against any employee found in violation of this policy.



OSG OSG SHIP MANAGEMENT	Date : 15.04.06	Revision No: 1
OSG Management System Procedures Manual	Approved by: G. Vasiliakis/ G. Cuthbert	Compliance check by: Z. Lebessi
QP-06 Drug & Alcohol Procedure	Authorised by: P. Hatzikyriakos	

1 PURPOSE

To ensure that all Company's vessels are manned and supported by personnel that is drug and alcohol free.

2 SCOPE

Applies to all crew, shore staff and non company personnel onboard the vessel, terminals and other facilities,

3 RESPONSIBILITIES

Masters are responsible for the correct application of the Company's Drug and Alcohol banning policy onboard all managed vessels,

4 PROCEDURE - prevention, detection and recognition for illegal drugs and alcohol

4.1 BANNED SUBSTANCES

The following are not allowed on Company's managed vessels:

- Alcoholic beverages including those purchased ashore
- Illegal drugs such as:
 - Marijuana
 - Cocaine
 - Phencyclidine
 - Amphetamines
 - Heroin
 - Opiates

Whilst onboard any Company's vessel, the Master, crewmembers, pilots, supernumeraries or visitors are not permitted to consume alcohol or take illegal drugs.

Any employee found to **be** in possession of, or impaired by the use of, any of the above mentioned substances will be immediately relieved from his duties and will be dismissed from the vessel as soon as is practical.

All seafarers prior to joining will be advised by the contracted Employment Agency about the company's policy of banned drugs and alcohol and will read and sign the "**DRUG & ALCOHOL DECLARATION**" form. It is the responsibility of the Company and the Master to ensure that all crewmembers are fully aware of this procedure and must never allow the safety of the crew and property entrusted to their care to be jeopardised by the use of illegal drugs and alcohol.

A criminal conviction for a shore side drug or alcohol related offence may result in dismissal from the Company.

If the Master has reason to believe that any crewmember has brought illegal drugs or alcohol onboard the vessel, a search shall be instituted. If found, the Master shall confiscate them and relieve the crewmember involved of all duties and report the facts immediately to the management office.

Any officer or crewmember who has reason to believe that the Master or Chief Engineer is violating the Company's Drug and Alcohol Policy, shall report the incident to their department head or Senior Officer, who in turn, will report the facts to the management office. If the above means of communicating is not possible use the Open Reporting Policy (refer to MOI Section 3).

For details on prevention, detection and recognition, the ICS publication 'Drug Trafficking & Drug Abuse' should be consulted.

4.2 ALCOHOL and DRUG TESTING

The Company will require all Masters, Officers and Ratings to submit to Drug and Alcohol Testing prior to commencement of an assignment.

At the Master's discretion officers and ratings may be tested for alcohol prior to commencement of critical operations, when required by the local authorities, Federal Regulations, there is a suspicion of alcohol usage prior to those operations or whenever he considers it is necessary to do so.

4.2.1 ALCOHOL & DRUG TESTING AT PRE-ASSIGNMENT

Alcohol & drug testing at pre-assignment will be by blood testing showing liver function or urine analysis. Abnormal results will be reported to a company appointed Medical Review Officer who may recommend further investigation.

The above tests will also be given to new employees as part of their pre-employment medical exam.



A refusal to submit to drug and alcohol tests will result in a person not being hired.

4.2.2 UNANNOUNCED TESTS ONBOARD BY THIRD PARTIES

Unannounced shipboard testing for drugs and alcohol will take place at least once during a twelve-month period. Tests for drugs will be carried out by urine analysis and tests for alcohol by either liver function or urine analysis. The test procedures will conform to International Standards for analysis and follow a continuous 'Chain of Custody'. Test samples collected will be forwarded by the collector to an independent laboratory for analysis.

The testing process consists of three key stages –

- Collection of the specimen to be analysed,
- Specimen analysis by an independent laboratory and
- Medical review to verify the collection, analysis of the specimen. It is also used to determine if a positive result is caused by prescriptive medication or from the use of an illegal drug or alcohol.

All employees will be required to read and sign a 'consent' form agreeing to the drug & alcohol analysis.

The Medical Review Officer will report all positive results for drug or alcohol misuse in violation of Company Policy.

A positive drug test will result in immediate discharge and termination of the individual's Contract of Employment.

A positive alcohol tests found during testing will be reported to the company who will take the appropriate disciplinary action.

Information regarding tests for drugs and alcohol will be treated as strictly confidential and will only be disclosed on a 'need to know' basis. If requested in writing, a copy of the results will be supplied to the Officer or Rating.

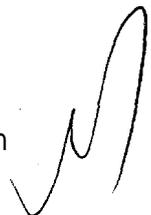
4.2.3 ALCOHOL RANDOM TESTING

All employees serving onboard vessels are subject to random testing on a biannual basis,

The Company will notify the Master who will initiate the random test.

The Master shall:

- Acknowledge receipt of the initiation message within 30 minutes of its transmission.
- Commence conducting the random test within 60 minutes of receipt of the initiation message by using either breathalyzer or saliva analysis and record the results.



- Report the results of the random test to the Company within 6 hours of receipt of the initiation message. (See **RANDOM ALCOHOL TEST RESULTS** form).

The result will be regarded as positive if the individual has a blood alcohol concentration (BAC) of above 40MG/100ML (0.04) or higher. The Master will suspend from duty any officer or crew member found positive. An onboard investigation will be carried out and reported to the management office.

4.2.4 POST INCIDENT TESTING

All officers and crew members involved in an accident or a serious incident should be tested for alcohol as soon as possible after the incident occurred and **findings are to be recorded in the ship's log book.**

In Particular to US Coast Guard requirements the following should be adhered to:

- *Non- US Flagged Vessels*– After a Serious Marine Incident within US Territorial Waters (12 miles) all involved crew should have urine specimens collected for US DOT drug test within 32 hours and US DOT alcohol test performed within 2 hours. Past 12 miles and inside of the 200 mile zone, all Serious Marine Incidents are to be reported to the USCG, but drug/alcohol testing is considered optional by USCG.
- *US Vessels*– After a Serious Marine Incident within the US Exclusive Economic Zone (200 miles) all involved crew should have urine specimens collected for US DOT drug test within 32 hours and US DOT alcohol test performed within 2 hours. Proper materials should be on-board all commercial vessels to ensure compliance of this rule,

For the above purpose vessels are supplied with the USCG Marine Post Accident Test Kit manufactured by the Marine Medical Inc. The provided Kit should be stored at the Hospital area at a clearly marked place.

The kit contains the following :

1. USCG Post Accident Drug test Collection package :

Description: 15 complete urine specimen collection kits, including forms and instructions

Expiration: None

Each kit contains 2 urine specimen containers for “split samples”, collection cup with temperature strip, absorbent towel for packing, tamper-proof bottle seals, USCG mandated form and tamper-proof specimen transport bag. The collected urine samples can then be sent out to the kit's provider USCG/US DOT approved laboratory for proper analysis as per the included within the kit guidelines.

2. USCG Post Accident Alcohol Test package

Description: Alcoscreen 02 Saliva Tests, 24 test strips per box in individual foil packs, with 25 USCG/US DOT test forms and all instructions.

Expiration Date: 12 months. Expiration date is clearly indicated on the box containing the tests and on a label marked outside the SMI Kit.

The package contains the Alcoscreen 02 saliva test strips. The alcohol test level of each strip is the USCG mandated 0.02 BAC. The box has instructions for use printed on the side and a "positive" drug test requires a confirmation test using a new.

Each test involves placing a small paper strip in the crew member's mouth for ten to 15 seconds, enough to saturate the reactive pad. Results are read in 4 minutes. It is a simple YES or NO alcohol test. All results are recorded on the enclosed form and signed by the crew member, administering person and a witness. Final finding should also be recorded to the official log book.

The supplied box of 24 strips allows several to be used for training purposes or other "for cause" situations, while retaining a supply for SMI testing confirmation. The saliva strips assigned for **TEST purposes cannot exceed the 4 pieces**. Saliva Alcohol tests are so easy to use that no additional training is required. Senior officers are encouraged to use 3-4 of the AlcoScreen saliva tests to conduct "trial" or, training sessions in accordance to the manufacturer's instructions.

Records

As already reiterated, the kit contains the USCG forms that have to be properly completed following the unfortunate even of an Serious Marine Incident within the 12 nm US territorial limits. USCG approved forms for both drug and alcohol tests are multiple-part forms. One copy of the drug test form is placed with the urine specimen, the tested employee keeps the other and finally ship retains a copy in the Deck Filling Folder Number 67. Same practice applies to the alcohol test process. Drug testing custody and control form is also supplied, copy of the completed one should **also be** accordingly filled. Example of completion and log keeping is provided with the kit.

Minimizing the risk of positive alcohol detection with the use of mouth washing liquids:

In a situation where the employee has declared use of mouthwash, or has been smoking the following procedure should apply:

- Place the crew member within sight of the person about to conduct the test
- Make certain that the crew member should not eat, smoke and /or drink for the for 15 minutes prior the conduction of the test
- Conduct the test as per the instructions provided,

Alcohol contained in mouthwash will dissipate within the waiting period,



Smoking and drinking can also alter the results of the test. Always remember prior conduction of the test to abstain the subject from placing anything in his mouth for at least 15 minutes, including non alcoholic drinks, tobacco products, coffee, breath mints, food etc.

5 REFERENCES

MOI Section 4

6 DEFINITIONS

SQE Safety, Quality & Environment

7 RECORDS

As specified in "Quality Records Index provided at the end of the Manual"

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SCHEDULE 2.3

OSG
SHIPBOARD CODE OF CONDUCT
& DISCIPLINARY POLICY

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PREAMBLE

In any organisation there should be a clear policy for acceptable standards of conduct and discipline. These are essential for the maintenance of good working relationships and for the efficient running of the whole commercial enterprise.

This policy is formed by the pairing of mutual obligations.

Firstly, on the part of the Company to ensure that these standards, rules and regulations are reasonable, fully known and understood by all, and on the rare occasions when these standards are Violated, that the Company reacts in a balanced way, that will resolve the problem fairly and consistently.

Secondly, on the part of the crewmember to meet the accepted standards of the OSG Shipboard Code of Conduct and Disciplinary Policy and to act responsibly in all circumstances.

On all occasions, this will be a matter of local judgement based on the circumstances surrounding each individual case. However, it is expected that this formal Company policy will provide robust guidelines and when applied with common sense, will help to identify and rectify any problem that may arise onboard.

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OBLIGATIONS

1. ON THE PART OF THE COMPANY

The obligations of the Company can be broadly stated as follows:

- The Company will ensure that the standards, rules, regulations and procedures that form the OSG Shipboard Code of Conduct & Disciplinary Policy are well known and reasonable, The Company will also ensure that each crewmember is given information about the requirements of his/her job and the person to whom he/she is directly responsible.
- The Company accepts the need to maintain, update and publish procedures to deal fairly and consistently with crewmembers who have failed to meet the accepted standards or those who have failed to comply with some rule or regulation of the policy.
- The Company has a general obligation to ensure that no one is unfairly dismissed. This concerns both the reason for dismissal and the manner of dismissal.
- The Company will ensure that no one is discriminated against in recruitment, training or career development, on the grounds of sex, marital status, race and colour, national and ethnic origin.
- The Company will ensure that no formal disciplinary action is taken without a full and detailed investigation of all the relevant facts and circumstances.
- Crewmembers have the right of appeal against any formal disciplinary action taken by the Company or its representative(s).
- The company will provide all Personal Protective Equipment (PPE) including Boiler Suits, Safety Shoes and Helmets etc. in addition to any specialist equipment required in the size and quantity suitable for all seagoing personnel (as detailed in Annex B).
- Crewmembers are expected to comply with the Company policy as to when uniforms are worn (as detailed in Annex A).

2. ON THE PART OF CREWMEMBER

The OSG Shipboard Code of Conduct & Disciplinary Policy shall govern all matters of shipboard discipline. This policy document has been drafted with reference to internationally acceptable standards of conduct and discipline.

The contracts of employment, ITF collective bargaining agreements and the Flag State law, relating to the working conditions in which all of our crewmembers are employed under, should not in anyway conflict with this policy.



In addition to the **subjects** addressed by the **policy** the following additional clauses also apply:

2.1 Observance of the OSG Management System Procedures

Failure to observe the published procedures as detailed in **the OSG MS** will be regarded as an act of gross misconduct and depending on the circumstances will normally lead to instant dismissal **irrespective** of the **crewmember** concerned.

2.2 Personal Integrity

A dishonest **or** fraudulent act during the **course** of work will be regarded as gross misconduct and **will** normally lead to dismissal and to criminal prosecution when warranted. **Such acts include**, but are not limited to, **the misappropriation of** money **or** other assets and any manipulation or **falsification** of records which distorts financial reporting **or** **operational control** whether **or** not for financial gain.

2.3 Gifts and Entertainment

Accepting gifts *that* might place a crewmember under obligation is prohibited. This **applies** to gifts in any **form**, including entertainment, merchandise, payments, loans and services. **It** does not bar **courtesies** of nominal value which are in keeping **with** good business ethics, and which do not place the crewmember under any obligation. If in doubt as to **the** propriety of **accepting** a gift, the OSG Crew Department should be **consulted**.

2.4 Disclosure of Information

Crewmembers are expected to safeguard confidential information and must not, **without** authority, **disclose** such information about Company activities to **the** press, to any outside source or to crewmembers who are not entitled to have access to **such** information. An **agreement** on **secrecy** and confidentiality is integral policy of Officer Terms and conditions. Crewmembers may be asked to sign a **full** agreement on Secrecy, Patents and Discoveries at some point during **their** employment e.g. on secondment, etc.

2.5 Discrimination

The Company has a long-standing commitment to *the* **principle** of equal opportunity (**non-discrimination**) in employment. The Company **is opposed** to any form of less **or** **more** favourable treatment being accorded to crewmembers **or** job applicants on the basis of **their** colour, disability, **ethnic origin**, gender, **nationality**, **marital status**, race, religion, sexual orientation **or** gender reassignment.

Discrimination, **which** includes acts of harassment and victimisation **constitutes** misconduct, and will result in **disciplinary** action being taken. Harassment is defined as **undue** pestering, **worrying** or vexing of a **crewmember**. Victimisation is defined as penalising or giving **less** favourable treatment as a **result** of the **crewmember** having **raised** (or helped a colleague to raise) a **complaint** or **grievance** about discrimination **or** harassment on the **grounds** of sex, marital status, race, religion, sexual orientation **or** gender reassignment.

2.6 Drugs & Alcohol

In addition to the points made in the policy, employment on vessels in the OSG fleet requires compliance with the policy and procedures clearly laid out in the OSG MS.

2.7 Uniform Appearance

Company policy on the wearing of Personal Protective Equipment is fully covered in the OSG MS. Crewmembers are reminded that as Company representatives they are responsible for maintaining the Company image and that their attire and their personal presentation is an integral to this requirement. This is of particular importance when in port when all staff should ensure they are wearing clean and correctly worn PPE. In addition the requirements for the wearing of uniform whilst on duty should be strictly adhered to. Please refer to Annexes A & B for further details.

3. DISCIPLINARY ACTION

All matters of shipboard discipline shall be governed by reference to the OSG Shipboard Code of Conduct & Disciplinary Policy. This gives comprehensive information on the application of the policy and sets out the responsibilities and the procedures for dealing with breaches of policy.

The Master has overall responsibility for the management of the policy onboard and is also a party to being compliant with it. The Master is to ensure that the application of the policy is both fair and consistent on all occasions. The Master is to take special care with the observance of the applicable regulations relating to the crewmembers employment contract, ITF Collective bargaining Agreement, Flag State Law and the Company policy.

OSG Crew Department, are to be notified without undue delay, of any disciplinary action which the Master has taken. However, depending on the circumstances all actions will be subject to follow-up investigation involving shore side personnel. As such, it is within the Master's power to dismiss an individual from the ship under certain circumstances as defined in the policy. However, applicable OSG management office can only sanction dismissal from the Company.

A crewmember is entitled to appeal against the findings of the shipboard hearing, for up to thirty days after the issue of the written warning or notice of dismissal. A shore side committee whose investigation and conclusion relating to the original findings will be final will hear this process of appeal.

The Master, when taking any form of disciplinary action, must advise the OSG Crew Department without delay.

All disciplinary action must be supported by documentary evidence; the necessity for just and accurate reports on ability and conduct cannot be too strongly emphasised. Examples of such evidence include, but are not limited to the following:

- A list of all persons involved in the disciplinary process.
- Extracts from the logbook.
- A copy of the OSG Disciplinary Report Form QR-CRW-23.

- **Witness** statements etc.

All disciplinary evidence must be accompanied by a covering letter, giving full details of all the circumstances. A list of all the persons involved in the disciplinary process should be drafted including the Master, Head of Department, crew member alleged to have breached the code, witness, personal representative etc.

If crewmembers are signed off for disciplinary reasons, the OSG Disciplinary Report Form QR-CRW-23 must be completed. The advice of this should be given in the Master's message to the Company. It is essential that the entries on any watch keeping certificates and appraisal/ performance reports issued should be consistent with the disciplinary reports submitted.

When extracts of the logbook entries accompany the OSG Disciplinary Report Form QR-CRW-23 they should be endorsed 'We certify this to be a true copy of the entry in the Log Book', and signed by the Master and another Senior Officer as a witness. For the Ratings it is recommended to have an additional independent witness of a Chief Petty Officer/Petty Officer present.

The Master and Chief Engineering Officer are also subject to compliance with the OSG Shipboard Code of Conduct and Disciplinary Policy. The detailed procedures described within the 'Guidelines for Seafarer Disciplinary Action' will be administered shore side by a committee formed by the following Company Officers:

- Marine Director
- Fleet Manager/ Group Operator
- Crewing Manager/ Officer

They will deal swiftly and fairly with any misdemeanours at the highest shipboard level. The formation of the shore side committee may differ from time to time due to the availability of certain personnel.

The Master and Chief Engineering Officer are entitled to the same right of appeal as that of the normal complement. They must submit a written request of appeal within thirty days of the receipt of the decision of the shore side committee addressed to the Managing Director. Following the review process the Managing Director's decision will be final and upstanding.

The OSG Disciplinary Report Form QR-CRW-23 should be completed where appropriate.

4. INQUIRIES FOLLOWING SERIOUS INCIDENTS ONBOARD

It is an OSG policy, that an inquiry will be held in their office following a serious Incident on board ship, for example a personal accident, a collision, grounding, major damage to machinery, oil pollution or cargo admixture.

Disciplinary action may be recommended against the crewmembers involved irrespective of their rank and dependant on the outcome of the inquiry.

5. COMPLAINT & GRIEVANCE PROCEDURE

If a crewmember has a complaint or grievance related to a particular vessel, he should, in the first instance, follow the procedure contained in the relevant Crew Agreement, Employment Contract or Collective Bargaining Agreement etceteras in direct liaison with the Master.

If the complaint or grievance cannot be conveniently dealt with in that manner or if it concerns a matter relating to the crewmember's employment, then he should in the first instance raise it with the OSG Crew Department, who will handle the case personally, At this stage facilities will also be provided for the crewmember to establish communication with his union.

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SHIPBOARD CODE OF CONDUCT & DISCIPLINARY POLICY

1. Seafaring is a civilian occupation, which places upon those who go to sea demands not found in industry ashore. Seafarers are called upon to spend not only their **working hours** but also their **leisure hours** too in the **confined** environment of a ship and with the **same** individuals for company. It might be said that they are more susceptible to the **stresses** and strains of everyday **life** than their fellows **ashore**. In this environment the need for discipline and good **behaviour** is of a particular importance. However, **disciplinary** procedures should not be viewed primarily as a means of imposing sanctions. They are designed to emphasise and encourage improvements in **individual conduct**.
2. The **most** effective form of discipline is **self-discipline**, which in turn springs from a responsible attitude to the job, whatever it may be, and concern for the efficient **operation** of the ship and for the comfort and convenience of **fellow** crew members. Failures of **self-discipline**, which occur, will have to be dealt with by reference to an imposed framework of **discipline** or Code of Conduct. This document sets out such a Code, containing the basic rules of reasonable behaviour expected of all Officers and Ratings. It has been drawn up with reference to internationally accepted standards representing both the seafarers and the employers. Observance of it will make seafaring a **better** and more rewarding job for all those involved and will help to secure the safety of everybody aboard.
3. **Orders** must be given and obeyed if a ship is to operate safely and **efficiently**. Co-operation cannot be imposed but will normally be readily forthcoming. If it is immediately apparent to the recipient of an order that the request is a reasonable one then it should be obeyed without question. However, if it is not so apparent, then it is deemed reasonable for the recipient to request an explanation of the **necessity** of the order prior to it being obeyed. At the same time wilful or repeated refusal to comply with reasonable orders or other anti-social behaviour must be expected to have certain consequences.
4. An important factor in securing co-operation, which cannot be too strongly stressed, is **good communications**. This applies both to communications between a company's shore-based administration and the ship and to communications within the ship itself. It is **essential** to keep all concerned as fully informed as possible about the company's policies and objectives. Crewmembers can be made to feel that they have a personal stake in the successful outcome of the voyage upon which they are engaged and co-operation and harmony will be much more readily assured than by a 'theirs is not to reason why' attitude.
5. In any emergency or other situation in which the safety of the ship or of any person on board, whether crew or passengers, is at stake the Master, Officers and Petty Officers are **entitled** to look for immediate and unquestioning obedience of orders. There can be **no** exception to this rule. Failure to comply will be treated as among the most serious of breaches of this Code and will be liable to lead to the offender's dismissal not only from the ship at the earliest opportunity but also from the Company.



6. Emergencies are fortunately very rare and this policy document is primarily concerned with the day to day situation on board. It should be borne in mind, however, that certain acts of misconduct (e.g. absence from a place of duty etc) could have the effect of causing a state of emergency.
7. The following paragraphs set out some broad general rules for everyday conduct:
- a) **Punctuality** – Is very important both for the efficient operation of the ship and to avoid putting extra work on shipmates. This is also true of joining the vessel at the time appointed, returning from shore leave, reporting for watch keeping duty and all other work. Absence at the time of sailing, in particular, may seriously delay the ship or even prevent her sailing until a replacement is found.
 - b) **Bringing Unauthorised Persons On Board** – The Company's policy means that NO unauthorised persons are allowed on board at anytime.
 - c) **Offensive Weapons** – These must NOT be brought on board under any circumstances.
 - d) **Smoking In Prohibited Areas** – Is dangerous on any ship but particularly on tankers etc. The company's rules detailed in the OSG MS controlling smoking and the use of naked flames or unapproved electric torches must be scrupulously obeyed.
 - e) **Duties** – Every member of the crew should carry out his duties efficiently to the best of his ability. The crewmember is also entitled, to be informed clearly of what his duties are and to whom he is responsible for carrying them out. If he is in doubt he should ask. Within the scope of his duties, reasonable commands and instructions must be obeyed.
 - f) **Treatment of Accommodation** – For the duration of the voyage the ship is not only the crewmember's place of work but also his home. Accommodation and other facilities, whether provided for his personal use or to be shared with others, should therefore be treated with respect.
 - g) **Behaviour towards Others** - Anti-social behaviour can cause a crewmember seafarer to become a nuisance to others on board and in extreme circumstances can hazard the ship and the crew. This can also include causing excessive noise, abusive language, aggressive attitudes and offensive personal habits. The fact that some need to sleep whilst others are awake should also be borne in mind.
 - h) **Mutual Termination of Employment** – There may be an occasion when a crewmember wishes to leave a vessel prior to the full completion of his employment contract. This can be achieved amicably and without the payment of expensive early repatriation costs, by the crewmember agreeing to the completion of the Mutual Termination of Shipboard Employment Contract Form QR-CRW-22. This is a totally voluntary agreement between the Master, representing the Company & the crewmember and it must be witnessed by at least two other independent parties, representing both the Company & the crewmember. On no account is duress to be used to force the crewmember into this agreement.

GUIDELINES FOR SEAFARER DISCIPLINARY ACTION

It is necessary to have a procedure for dealing with breaches of the Code of Conduct backed by appropriate sanctions. These may range, according to the seriousness of the breach, from informal verbal warnings for the most minor breaches, through various grades of formal written warning, to dismissal from the ship, with a possibility that this will lead also to the termination of Company employment.

The procedure for when an officer or a rating (hereafter referred to as the 'crewmember') by commission or omission violates or breaches existing laws, rules, provision of the employment contract, the ITF approved CBA, Flag State or Company policy are as follows:

1. The procedure for shipboard discipline can commence prior to the crewmember's appointment to a Company vessel. On many occasions our manning agents are instructed by the OSG Crew Department to issue a **VERBAL WARNING** to a crewmember who has performed poorly during the previous assignment. On such occasions the manning agent is responsible for recording this official warning by completing an OSG Disciplinary Report Form QR-CRW-23 (Parts 1, 2, 3 & 10). There will be a requirement to reproduce four copies of the report. The original shall be forwarded to the applicable OSG Crew Department, a copy is to be retained by the applicable manning agent, a copy is to be issued to the crewmember and a copy will be forwarded to the vessel. This process can also be initiated directly by the applicable OSG Crew Department.
2. A crewmember alleged to have breached the Code onboard will be seen in the first instance by an Officer designated by the Master. If the Officer is satisfied that no further action is called for, or that the breach, although proven, calls for no more than an informal **VERBAL WARNING**, the matter will thereafter be regarded as closed. Although, this type of incident is deemed to be only a minor breach, it is recommended that the OSG Disciplinary Report Form QR-CRW-23 (Parts 1, 5, & 6) is completed for shipboard reference only. There is no need to distribute the other copies or issue a copy to the crewmember.
3. If the offence is of a more serious nature or is a repetition of a similar minor offence, it may be referred directly to the Master. The Master will deal with all cases referred to him with the minimum of delay. He will initiate a thorough investigation of the alleged offence to ensure that he is clear of the full facts prior to the hearing.
- d) In section 14., (Formally 13.) I would emphasise the words 'right of appeal' in bold italics.
4. The Master will issue an OSG Disciplinary Report Form QR-CRW-23 (Parts 1, 2, & 4) to the crewmember alleged to have breached the code, which contains the nature and cause of action of the Company against the crewmember. The report must also contain a notice (Part 4) that a hearing will be conducted to make a formal inquiry on the acts or omissions complained of, setting the time and place of the hearing. The report must also state that the crewmember will be entitled to present and defend his side of the issue and that he may, at his own option bring along a Mend or representative who may speak on his behalf or simply witness the conduct of the hearing.

5. The report & notice of hearing (described in paragraph no. 4 above) constitutes the **First Notice**, which is a mandatory requirement of employment law in many countries. To be most effective, the crewmember must be asked to acknowledge receipt of the report and the first notice, by signing the form.
6. At the hearing set for the purpose, a committee, composed of the Master as Chairman, the Chief Engineer and Chief Officer representing the engine and deck departments, will read the report (described in paragraph no. 4 above) served on the crewmember. Detailed minutes must be taken during the hearing. All evidence and witness statements shall be presented to the crewmember at this stage.
7. Then the crewmember shall be allowed to speak and be heard. The friend or personal representative may do the talking if the crewmember opts to do so. The crewmember's own testimony, evidence, and witnesses may be presented at this stage to defend or simply present his / her side of the alleged breach.
8. After the investigation and hearing, the crewmember will be advised that the committee will deliberate on the matter and that they will issue their findings immediately thereafter.
9. After deliberation, and if the committee considers it necessary, they will issue a new and fully comprehensive OSG Disciplinary Report Form QR-CRW-23 completing ALL the relevant parts and clearly stating the result of their investigation, deliberation and findings, and the course of action to be implemented. This can either be a **WRITTEN WARNING**, **FINAL WRITTEN WARNING** or **DISMISSAL**, depending on the nature and severity of the offence.
10. If the penalty of dismissal was imposed, the crewmember will be notified of such a decision by furnishing him a copy of the OSG Disciplinary Report Form QR-CRW-23. The Master should request the crewmember to sign the forms as an acknowledgement of the receipt of the decision (Part 10). The notification of the decision to the crewmember in this form constitutes the issue of a Second Notice, which is a mandatory requirement of employment law in many countries.
11. There will be a requirement to reproduce four copies of all records and the report for future reference and evidence purposes. The originals shall be forwarded to the appropriate OSG Crew Department, a copy is retained on board, a copy is issued to crewmember and a copy will be forwarded to the applicable manning agent
12. The Master must notify the Company as soon as possible of a crewmember that is to be signed off articles for disciplinary reasons. It is essential that the entries on any watch keeping certificates and appraisal / performance reports issued should also be consistent with the disciplinary reports submitted.
13. The crewmember will agree that in the event of his/her contract being terminated due to a breach of the OSG Code of Conduct to the deduction from his wages of an amount being the actual expense of his/her repatriation. If the offence warrants this type of punishment, then the crewmember is also liable for all the expenses of the relief.
14. Any crewmember that feels particularly aggrieved by the decision of the shipboard hearing will have the right to appeal that decision. The crewmember can refer the

case and the circumstances for the attention and the review of the appropriate OSG Crew Department. The crewmember should submit a letter of appeal, requesting a review of the circumstances of the case, within thirty (30) days from the date of issue of the written warning or dismissal. A shore side committee will assemble to review the findings of the shipboard hearing and the conclusion of this committee will be final and upstanding.

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GUIDELINES ON ASSESSING POTENTIAL OFFENCES & THE APPROPRIATE MAXIMUM PENALTIES

The Master is encouraged to refer to the following list for identifying the different types of offences and also the appropriate levels of punishments. However, by no means are these guidelines completely comprehensive or mandatory and on occasions the Master must use his own discretion and or contact the appropriate OSG Crew Department for their advice:

- | | | |
|----|--|--|
| 1. | Smuggling or violation of any customs rules & Regulations in the country of the crewmembers origin and in any foreign ports: | Dismissal and to pay costs |
| | A) Smuggling any taxable items. | Dismissal and to pay costs |
| | B) Possession of narcotics or other contraband. | Dismissal and to pay costs |
| | C) Gun-running or possession of explosives and the like. | Dismissal and to pay costs |
| | D) Abetting or conniving with others to commit Smuggling. | Dismissal and to pay costs |
| | E) Non-declaration of or failing to declare articles leading to its seizure and fine to the vessel. | Dismissal and to pay costs |
| | F) Non-declaration of or failing to declare articles leading to its seizure but vessel not implicated. | 1st offence – Final Written Warning (FWW)
2nd offence - Dismissal |
| | G) Possession of pornographic materials leading its seizure and fine to the vessel. | 1st offence - FWW
2nd offence - Dismissal |
| | H) Any other minor violation which will not implicate the vessel. | At Master's discretion |
| 2. | Desertion. | |
| | A) Deserting or attempting to desert | Dismissal |
| | B) Advising another to desert. | Dismissal |
| | C) Assisting or persuading another to desert. | Dismissal |
| 3. | Absences without leave: | |
| | A) Abandoning post of duty without being properly relieved. | Dismissal |
| | B) Leaving the vessel without permission from responsible officers during working hours. | 1st offence- FWW
2nd offence- Dismissal |
| | C) Entrusting to others assigned duties without authority of the department head. | At Master's discretion |

- D) Leaving the vessel without permission after working hours. **At Master's discretion**
4. Commission of a felony punishable by the law of the country of the crewmembers origin or foreign laws. **At Master's discretion**
5. Drug addiction. **Dismissal**
6. Sleeping on post while on duty. **Dismissal**
7. Insubordination:
- A) Any acts of disobedience to lawful orders of a senior officer. **Dismissal**
- B) Assault or attempting to assault a senior officer. **Dismissal**
- C) Insulting a senior officer by words or deeds. **Dismissal**
- O) Inciting another to commit insubordination. **Dismissal**
8. Molesting a passenger/s. **Dismissal**
9. Drunkenness:
- A) Drunk while on duty. **Dismissal**
- B) Creating trouble on board ship due to intoxication. **Dismissal**
- C) Failure to perform assigned job due to intoxication. **Dismissal**
10. Creating trouble outside the vessel's premises/ ashore. **1st offence - FWW**
2nd offence - Dismissal
11. For being left behind by vessel. **Dismissal and to pay costs**
12. Gambling:
- A) Which resulted in fighting or any other incident as to upset the harmonious relationship on board the vessel. **Dismissal**
- B) Any other form of gambling which is not purely recreational. **At Master's discretion**
13. Violation of COMPANY policies, procedures and regulations:
- A) Relating to the Management System **Dismissal**
- B) Pilferage **Dismissal**
- C) Unauthorised disposal of COMPANY or vessel's properties for personal gain. **Dismissal and to pay costs**
- D) Any acts of dishonesty with or without the intention to defraud the COMPANY. **Dismissal and to pay costs**
- E) For gross negligence and failure to observe proper stowage and cargo handling

procedures resulting in delay of the vessel and/or damages to cargoes.

1st offence - FWW
2nd offence - Dismissal

- F) For failure to **observe** and comply with the ISPS Code **regulations** reference non-baggage shipments and the acceptance of parcels on board. At **Master's discretion**
- G) For failure to observe **regulations** on **expiration** of shore liberty.
1st offence - FWW
2nd offence - Dismissal
- H) For being **left** behind by the vessel in foreign port without a **justifiable** reason. **Dismissal** and to pay costs
- I) For **disorderly** conduct and/or disrespect towards **passenger/s**. **Dismissal**
- J) For **immorality** so as to **cast** aspersion on the good **name of the vessel** and the COMPANY. **Dismissal**
- K) For **inflicting** harm or **injury** to **others**. **Dismissal** and to pay costs
- L) For failure to observe the drug and alcohol policy of the Company. **Dismissal**
14. **Incompetence and inefficiency.** **Dismissal**
15. **Any form of activity which** tends to create **discontent** or **dissension** among the crewmembers. **Dismissal**
16. For **inciting** mutiny or any activity which will hamper the efficient **operation** of the **vessel**. **Dismissal**
17. **Any activity which** will tend to destroy the harmonious relationship of the **COMPANY** and the **UNION**. **Dismissal**
18. **Abuse:**
- A) For grave abuse or authority resulting in harm or injury to a subordinate. **1st offence - FWW**
2nd offence - Dismissal
At Master's discretion
- B) Any other **cases** of abuse of authority.
19. For gross misbehaviour **prejudicial** to good order and discipline. **1st offence - FWW**
2nd offence - Dismissal
20. Causing through **neglect**, damage, loss, **spoilage**, or **deterioration** of COMPANY or vessel's **stocks** and property. **At Master's discretion**
21. Connivance with stowaways. **Dismissal**
22. For **wilfully** making false statement reports or certification for **personal** gain or with intent to **mislead** or **defraud** the COMPANY. **Dismissal**
23. Any other minor **case** as to cast **aspersion** on the



good name of the **COMPANY** and the vessel.

At **Master's** discretion

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ANNEX A

Uniform Requirements- See relevant section of OSG Management system.

ANNEX B

Personal Protective Equipment Requirements - See relevant section of OSG Management system.

ANNEX C

See OSG Management system.

ANNEX D

Form QR-CRW-22
Form QR-CRW-23

Mutual Termination of Shipboard Employment Contract
OSG Disciplinary Report

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