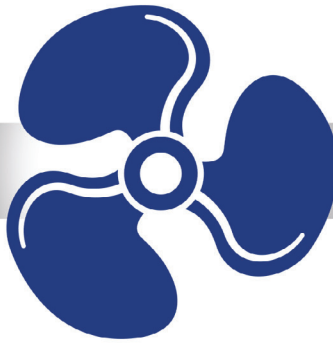


AWO

ORGANIZATIONAL



ACCOMPLISHMENTS

2017

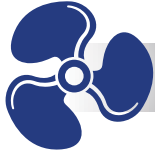
As members continued to confront challenging market conditions in 2017, AWO's role as the industry advocate was more important than ever. AWO delivered results that safeguard member investments and protect American jobs; reduce regulatory burdens, costs and red tape; pave the way for smooth implementation of Subchapter M; and keep our waterways open for business. AWO also grew its capacity to deliver future results by building relationships and strengthening access to policymakers; leading and supporting members in continuously improving safety, security and environmental stewardship; and telling the industry's story to policymakers and the media – while constantly striving to keep members informed, connected and engaged and working to promote stewardship, efficiency and cost control.

SAFEGUARDING MEMBER INVESTMENTS AND PROTECTING JOBS

- ✓ Led and chaired the American Maritime Partnership, the largest pro-Jones Act coalition in history, in:
 - Building strong supermajorities of declared Jones Act supporters in the U.S. Senate and House of Representatives;
 - Securing statements of support for the Jones Act from key Trump Administration officials; and,
 - Limiting Jones Act waivers and preventing inclusion of anti-Jones Act amendments in post-hurricane supplemental spending bills.
- ✓ Worked with Congress to secure agreement on legislation to amend the Shipping Act to prevent ocean carrier alliances from using their market concentration power to negotiate collectively with U.S. tugboat operators.
- ✓ Secured rejection by the Federal Maritime Commission of the Tripartite Agreement, which would have permitted three foreign companies to negotiate collectively with American tugboat service providers prior to their planned merger.
- ✓ Secured TSAC endorsement of Coast Guard-AWO Safety Partnership recommendations to modernize agency policy to ensure the safety and preserve the efficiency of ATB operations.

REDUCING REGULATORY BURDENS, COSTS AND RED TAPE

- ✓ Led a 300-member coalition in bringing the Vessel Incidental Discharge Act to the brink of passage, securing strong bipartisan support for enactment early in 2018.
- ✓ Advocated with Congress, the Coast Guard, EPA, and other federal agencies for the elimination of more than two dozen obsolete or burdensome regulations:
 - Submitted comprehensive regulatory reform comment letters to the Coast Guard, EPA, Federal Maritime Commission, U.S. Army Corps of Engineers and Customs & Border Protection.

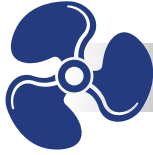


AWO 2017 ORGANIZATIONAL ACCOMPLISHMENTS

- Secured provisions in House and Senate Coast Guard authorization bills eliminating the unnecessary radar observer refresher training requirement for towing vessel operators.
- Secured Coast Guard policy change permitting use of existing electronic chart systems in lieu of paper charts.
- Secured Coast Guard approval allowing for alternative compliance with obsolete day shape requirements.
- Drafted legislative language to eliminate obsolete regulations for inclusion in future legislative vehicles.
- ✓ Secured Coast Guard commitment to conduct a Ports and Waterways Safety Assessment for Buzzards Bay as a precursor to resuming stalled litigation challenging unconstitutional Massachusetts state laws.
- ✓ Defeated Maine state bill that would have imposed unsafe bunkering requirements on towing vessels.
- ✓ Prevented imposition of new service and fuel taxes in Illinois, Louisiana and Tennessee.
- ✓ Led a diverse maritime industry coalition in opposing the Puget Sound No Discharge Zone, the largest and most sweeping NDZ ever proposed by a state.
 - Managed successful state litigation to force the Washington Pollution Control Hearings Board to review the legal basis for the NDZ.
 - Submitted a formal petition to the EPA Administrator seeking reversal of the regional administrator’s determination authorizing Washington state to establish the NDZ.
- ✓ Defeated a Washington state bill that would have imposed duplicative Certificates of Financial Responsibility requirements and expanded tug escort requirements.
- ✓ Worked with state of California to develop biofouling management regulations with minimal impact on AWO members.
- ✓ Ensured that the Columbia River Vessel Traffic Safety Assessment recommended no major operational changes for tugboats and barges.

PAVING THE WAY FOR SMOOTH IMPLEMENTATION OF SUBCHAPTER M

- ✓ Allowed use of safety management systems equivalent to RCP to satisfy AWO membership requirement, increasing flexibility for members while maintaining AWO’s foundational commitment to safety leadership.
- ✓ Developed process for alignment of dates for Subchapter M compliance and RCP audit recertification to avoid “audit creep.”
- ✓ Secured publication of Coast Guard policy letters to facilitate the transition to Subchapter M for companies that choose the Towing Safety Management System option by:
 - Establishing a streamlined process for COI issuance to TSMS option vessels with valid Towing Vessel Bridging Program decals;
 - Providing credit for previous Responsible Carrier Program management and vessel audits;
 - Allowing TSMS users to certificate more than 25 percent of their vessels each year; and,
 - Establishing a favorable process for deficiency reporting for vessels using the TSMS option.



AWO 2017 ORGANIZATIONAL ACCOMPLISHMENTS

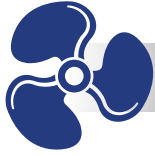
- ✓ Secured publication of revisions to the Coast Guard Marine Safety Manual regarding safe manning for inspected towing vessels consistent with AWO and TSAC recommendations.
- ✓ Secured Coast Guard policy to establish an expedited process for the issuance of Restricted Tankerman endorsements to persons in charge of fuel transfers on towing vessels.
 - Secured support from the Merchant Marine Personnel Advisory Committee and the Towing Safety Advisory Committee to allow persons in charge of fuel transfers on towing vessels to be designated by letter.
- ✓ Held bimonthly meetings with Coast Guard Subchapter M implementation team to facilitate timely dialogue and effective advocacy on Subchapter M implementation issues.
 - Secured answers to all questions about the Subchapter M rule submitted to the Coast Guard by the AWO Towing Vessel Inspection Working Group.
- ✓ Created TSMS Option Compliance Guide for member use.
- ✓ Launched Countdown to Compliance communications and education plan, including weekly updates, meeting presentations, and a webinar conducted in concert with the U.S. Coast Guard.
- ✓ Approved three third-party organizations as RCP audit partners, giving AWO members six options for Coast Guard-approved TPOs that can conduct RCP/TSMS audits.
- ✓ Revised the RCP to sunset prescriptive requirements that will be superseded by Subchapter M, effective July 20, 2018.

KEEPING OUR WATERWAYS OPEN FOR BUSINESS

- ✓ Led the UnLock Our Jobs coalition in a comprehensive advocacy campaign to prevent imposition of Asian carp control measures at Brandon Road Lock & Dam that impede commercial navigation, including a mini-Barge-In with visits to more than 50 Congressional offices.
- ✓ In partnership with Waterways Council, Inc., lobbied for inclusion of critical waterways infrastructure projects in pending Water Resources and Development Act and forthcoming infrastructure legislation.
- ✓ Managed the River Industry Executive Task Force to ensure that Lock 52 was returned to service and remains in operation until Olmsted Lock is operational.
- ✓ Led and chaired Coalition to Protect the Missouri River to ensure that Corps of Engineers plan to recover threatened and endangered species does not impact navigation on the Mississippi and Missouri rivers.
- ✓ Led a regional coalition to complete an economic impact study of the Ballard Locks to demonstrate the need for overdue major maintenance.

BUILDING RELATIONSHIPS AND STRENGTHENING ACCESS TO POLICYMAKERS

- ✓ Planned and executed the most productive Barge-In in AWO history, with 238 Congressional visits conducted by 155 members from 85 AWO member companies.
- ✓ Conducted Washington, D.C., or grassroots outreach to all Congressional lawmakers representing maritime states or districts.

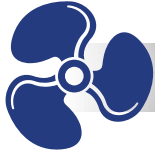


AWO 2017 ORGANIZATIONAL ACCOMPLISHMENTS

- ✓ Raised nearly \$160,000 for AWO PAC, staged seven successful fundraising events for key Congressional leaders, and generated more than \$300,000 in political impact.
- ✓ Delivered well-received presentations on industry value and priorities to the Coast Guard Senior Leadership Conference and Congressional Black Caucus Institute.
- ✓ Sponsored 15 tugboat/towboat tours attended by representatives from 69 Congressional offices and the Mayor of Seattle.
- ✓ Conducted 57 visits to build and strengthen relationships between AWO members and U.S. Coast Guard and Army Corps of Engineers field commanders.

SUPPORTING CONTINUOUS IMPROVEMENT IN SAFETY, SECURITY AND ENVIRONMENTAL STEWARDSHIP

- ✓ Secured publication of a Department of Transportation final rule to expand the mandatory drug testing panel to include opioids.
- ✓ Provided timely customer service and technical advice to support successful completion of more than 100 RCP audits.
- ✓ Convened TPO Summit to enhance communication between the RCP Standards Board and AWO-recognized RCP audit partners.
- ✓ Increased participation in the Safety Statistics Reporting Program to 78% of AWO carrier members, representing 91% of member-owned or -operated equipment.
- ✓ Initiated development of model fatigue risk management plan for AWO members.
- ✓ Expanded AWO's reputation as a safety leader and built and strengthened relationships with other safety organizations, including the National Safety Council, Transportation Research Board Standing Committee on Marine Safety & Human Factors, Council for Dredging and Marine Construction Safety, National Association of Safety Professionals, Clean Waterways, and North American Marine Environment Protection Association.
- ✓ Established a Coast Guard-AWO Quality Action Team to develop cyber risk management best practices for the tugboat, towboat and barge industry.
- ✓ Through the Coast Guard-AWO Safety Partnership at the regional level:
 - Conducted a study of every floating buoy on the Mississippi and Ohio rivers to inform future Coast Guard decisions about aids to navigation.
 - Developed Alaska Towing Vessel Ice and Cold Weather Operations Guidelines.
 - Developed practices to reduce the risk of casualties and navigation incidents in Bristol Bay, Alaska.
 - Launched a Congestion and Permitting QAT to study Corps of Engineers' permitting and industry communications on the inland rivers.



AWO 2017 ORGANIZATIONAL ACCOMPLISHMENTS

TELLING THE INDUSTRY'S STORY TO POLICYMAKERS AND THE MEDIA

- ✓ Finalized PricewaterhouseCoopers study on the *Economic Contribution of the U.S. Tugboat, Towboat and Barge Industry* in partnership with the U.S. Maritime Administration and implemented comprehensive public affairs rollout of study results.
- ✓ Crafted online and hard copy press kit highlighting PwC study results, AWO policy priorities and safety leadership for use with the media, Congress, Administration and public audiences.
- ✓ Issued 10 press releases resulting in nearly 1,800 media placements and 72,000 views/hits, with a potential audience of 13.8 million.
- ✓ Established and maintained strong relationships with trade and mainstream media outlets, resulting in consistent coverage of AWO priorities.
- ✓ Crafted compelling speeches for delivery by AWO leadership to government and private sector audiences on AWO priorities.

KEEPING MEMBERS INFORMED, CONNECTED AND ENGAGED

- ✓ Launched member communications improvements including redesigned *AWO Letter* for improved readability and monthly webinar/member call-in series.
- ✓ Conducted a member survey to assess member perceptions of AWO value and solicit suggestions to improve AWO meetings.
- ✓ Conducted outreach to every AWO carrier member.
- ✓ Established an improved process for onboarding of new AWO members.
- ✓ Implemented new member database software to collect additional data and facilitate outreach.

STRIVING FOR STRONG STEWARDSHIP, EFFICIENCY AND COST CONTROL

- ✓ Developed a 2018 budget that includes no increase in member revenue to AWO for the second year in a row.
- ✓ Proactively enacted an expenditure reduction program, allowing unspent 2017 monies to fund 2018 spending needs without drawing on long-term reserves.
- ✓ Achieved a clean audit with no adjusting entries or management letter recommendations.
- ✓ Implemented online equipment reporting process to improve efficiency and save time for members.
- ✓ Implemented automated RCP due date reminders to improve accuracy and efficiency.
- ✓ Improved IT infrastructure to increase security and reliability and reduce cost.
- ✓ Began work on Disaster and Recovery plan to ensure AWO's business continuity.
- ✓ Implemented an online employee expense reporting system to improve efficiency and internal controls.
- ✓ Saved costs and promoted environmental sustainability by reducing office supply expenses and increasing use of recycled materials.
- ✓ Implemented improved staff performance management system and instituted employment best practices.