



**REPUBLIC OF
THE MARSHALL ISLANDS**

**OFFICE OF THE
MARITIME ADMINISTRATOR**

Marine Notice

No. 2-011-13

Rev. 12/11

**TO: ALL SHIPOWNERS, OPERATORS, MASTERS AND OFFICERS OF
MERCHANT SHIPS AND RECOGNIZED ORGANIZATIONS**

SUBJECT: International Safety Management (ISM) Code.

References:

- (a) **IMO Resolution A.741(18), International Management Code for the Safe Operation of Ships and for Pollution Prevention, 1993, as amended, including by IMO Resolution MSC.273(85), 2008**
- (b) **SOLAS 74 Chapter IX, Management for the Safe Operation of Ships**
- (c) **IMO Resolution A.1022(26), Guidelines on the Implementation of the ISM Code by Administrations**
- (d) **IMO Resolution A.739(18), Guidelines for the Authorization of Recognized Organizations (RO) acting on behalf of the Administration, as amended by IMO Resolution MSC.208(81)**
- (e) **MSC/Circ.1059-MEPC/Circ.401, Procedures Concerning Observed ISM Code Major Nonconformities**

PURPOSE:

In general, this Notice provides the Republic of the Marshall Islands (RMI) Maritime Administrator's (the "Administrator") requirements for compliance with the ISM Code, the international standard. It provides the RMI safety management requirements for Companies and vessels seeking ISM Code certification; and the Administrator's policies and interpretations regarding application and implementation of the ISM Code.

Amendments to the International Safety Management (ISM) Code entered into force 1 July 2010. They are contained in IMO Resolution MSC. 273(85) (see reference (a) above). The purpose of this Notice is to advise owners, operators, and Masters of Republic of the Marshall Islands (RMI) registered vessels of these amendments so that their ISM Safety Management System (SMS) can be reviewed and any necessary adjustments made and implemented prior to the next scheduled audits of Companies and ships. The amendments modify §§ 1, 5, 7, 8, 9, 10, 12, 13, 14 and the Appendix of the ISM Code.

The amendment that will have the greatest impact on a Company's SMS is that to ISM Code § 1.2.2.2 as it introduces a mandatory requirement for a Company to assess all identified risks to their vessels, personnel and the environment and to establish appropriate safeguards. While this provision does not specifically require a Company to adopt a formal approach to risk management, it is clearly implied. The Administrator does not plan to issue separate guidelines on risk assessments. There are many methods of and approaches to conducting such assessments. See Appendix I.

It is a Company's responsibility to: 1) demonstrate that a systematic examination of their operations has been conducted; 2) identify all areas where things may go wrong; and 3) develop and implement adequate controls to address these risk areas. The means by which a risk assessment is achieved must be described in a Company's safety and environmental protection policies as required by ISM Code § 2.1.

Sections 7 and 8 of the ISM Code have been rephrased to clarify the requirements for: 1) established procedures, plans and instructions (including checklists) for key shipboard operations concerning the safety of personnel, ship and protection of the environment; and 2) the identification of potential emergency shipboard situations and procedures to respond to them.

Another consequential amendment is to ISM Code § 12.1 which requires a Company to conduct internal safety audits onboard and ashore at intervals not exceeding 12 months. Even though the Administrator's requirements for this have been in place since the original implementation of the ISM Code, this is now a regulated requirement. Also amended are ISM Code § 10.3, in which the requirement for a procedure to "identify equipment and technical systems..." is removed and replaced with a requirement for a simple identification of those systems; and ISM Code § 13 in which the renewal verification requirements for the extension of validity of the Safety Management Certificate (SMC) are addressed to harmonize with those of SOLAS certificates and the International Ship Security Certificate (ISSC).

Importantly, the RMI National requirements and recent amendments outlined below are not intended to be all-inclusive or to prohibit a Company from incorporating or requiring items in its SMS beyond those contained in this Notice. In fact, Companies are encouraged to consider in their SMS regulations enforced by port State control wherever their ships may call, including national, regional or coastal State rules that may be in addition to, at variance with or preempt international rules, such as in the United States or European Union. Increasingly, when port State control officers have suspicions about whether a ship is fully compliant with safety and pollution regulations, they often choose to look at the SMS documentation.

Another area where Companies should prepare to ensure full implementation and compliance as part of their SMS is where the Maritime Labour Convention, 2006 (MLC, 2006) overlaps with provisions of the ISM Code. These provisions include medical certification, training and qualifications, hours of work and rest, manning levels and medical care on board and ashore. The MLC, 2006 requirements will be subject to port State control as well as flag State inspection.

Questions regarding the ISM Code should be referred to the Office of the Maritime Administrator, Republic of the Marshall Islands, Marine Safety, c/o Marshall Islands Maritime and Corporate Administrators, Inc., 11495 Commerce Park Drive, Reston, Virginia 20191-1506 USA; telephone: +1-703-620-4880, fax: +1-703-476-8522, email: maritime@register-iri.com.

This Notice supersedes Rev. 11/11 and reflects the updating of 3.8.7 to include the date that Ship Energy Efficiency Management Plans become mandatory.

APPLICABILITY:

The requirements of the ISM Code are mandatory under SOLAS Chapter IX and may be applied to all ships. The Administrator is applying the ISM Code to:

- a. passenger ships (including high speed craft) regardless of tonnage,
- b. oil tankers, chemical tankers, gas carriers, bulk carriers and cargo high-speed craft, special purpose ships and other cargo ships of 500 gross tonnage and upwards, and
- c. self-propelled mobile offshore drilling units (MODUs) and Dynamically Positioned (DP) MODUs of 500 gross tonnage and over engaged on international voyages.

REQUIREMENTS:

1.0 Compliance

The above vessels are subject to mandatory compliance. Vessels not subject to mandatory compliance may do so on a voluntary basis, but such compliance must meet all of the international and RMI National requirements when such a choice is made.

1.1 Definitions

- .1 “*Oil tanker*” means an oil tanker as defined in regulation II-1/2.22.
- .2 “*Company*” means the owner of the ship or any other organization or person such as the Manager, or the Bareboat Charterer, who has assumed the responsibility for operation of the ship from the Shipowner and who on assuming such responsibility has agreed in writing to take over all the duties and responsibilities imposed by the ISM Code.
- .3 “*Chemical tanker*” means a chemical tanker as defined in regulation VII/8.2.
- .4 “*Gas carrier*” means a gas carrier as defined in regulation VII/11.2.
- .5 “*Bulk carrier*” means a ship which is constructed generally with single deck, top-side tanks and hopper side tanks in cargo spaces, and is intended primarily to carry dry cargo in bulk, and includes such types as ore carriers and combination carriers¹
- .6 “*High-speed craft*” means a craft as defined in regulation X/1.
- .7 “*Special purpose ship*” means a ship as defined in the Code of Safety for Special Purpose Ships (SPS Code), IMO Resolution A.534(13) as amended by

¹ Refer to resolution MSC. 79(70) relating to interpretation of provision of SOLAS chapter XII on additional safety measures for bulk carriers. Owners and operators of ships which occasionally carry dry cargoes in bulk should refer to MSC.277 (85) for additional guidance.

MSC/Circ.739 and IMO Resolution MSC.183(79), irrespective of the date on which the keel of the ship was laid, engaged on international voyages;

- .8 “*Mobile offshore drilling unit (MODU)*” means a vessel capable of engaging in drilling operations for the exploration for or exploitation of resources beneath the sea-bed such as liquid or gaseous hydrocarbons, sulphur or salt, mechanically propelled and capable of moving on its own on and off location.
- .9 “*Gross Tonnage*” means the gross tonnage of the ship as determined under the provisions of the International Convention on the Tonnage Measurement of Ships, 1969 (ITC 69) and shown on the International Tonnage Certificate (1969) of the ship;

1.2 Exceptions

1.2.1 SOLAS Chapter IX does not apply to:

- .1 government-operated ships used for non-commercial purposes;
- .2 cargo ships of less than 500 gross tonnage as measured by the ITC 69;
- .3 ships not propelled by mechanical means;
- .4 wooden craft of primitive origins;
- .5 private pleasure yachts not ordinarily engaged in trade; and
- .6 fishing vessels.

1.2.2 Floating Production Storage and Operations Units (FPSO, FSO, FPU, FSU, MOSU)

An FPSO, FSO, FPU, FSU, MOSU and similar unit will be exempt from ISM Code compliance if:

- .1 it has had its propulsion systems removed or disabled, or
- .2 if the propulsion system is functional, the unit is on a fixed station for an extended period of time, and the propulsion equipment will only be used in case of emergency or to reposition or service the unit under a single voyage exemption with no cargo on board.

1.2.3 Non-Self-Propelled MODUs

- .1 Although the Maritime Safety Committee, at its sixty-sixth session, decided that MODUs not propelled by mechanical means need not comply with the requirements of the ISM Code, the Administrator requires that a Safety and Environmental Management System (SEMS) be established and maintained.

- .2 The SEMS must address any coastal State “Well Safety Case” requirements being imposed. The 2009 IADC Health, Safety and Environmental (HSE) Case Guidelines for MODUs is highly recommended for use toward its development.

1.2.4 Dynamically Positioned (DP) MODUs

- .1 A SEMS subject to ISM Code verification and certification must be established and maintained for DP MODUs.
- .2 The SEMS must address any coastal State “Well Safety Case” requirements being imposed. The 2009 IADC Health, Safety and Environmental (HSE) Case Guidelines for MODUs is highly recommended for use toward its development.

1.3 Compliance Monitoring

Compliance with the ISM Code and RMI National safety management requirements is being closely monitored and enforced by the Administrator. Ships operated by Companies that fail to comply will be considered in violation of SOLAS and may be prevented from continuing active trading and/or operations until determined to be in compliance.

1.4 Compliance Process

Companies should start the ISM Code compliance process at the earliest possible date prior to entering a vessel or vessels into active trading and/or operations. Depending on the complexity of the Company, the number and types of ships involved and its operations, the development, implementation and verification process could take 18 months or longer.

2.0 ISM Code Enforcement Authority

2.1 Responsibility

The Administrator is responsible for effective enforcement of the provisions of the ISM Code and subscribes to the guidelines contained in IMO Resolution A. 1022(26) (see reference (c) of this Notice).

2.2 Delegation

- 2.2.1 IMO Resolution A.739(18), “Guidelines for the Authorization of Recognized Organizations (RO) acting on behalf of the Administrations,” as amended by IMO Resolution MSC.208(81), allows Administrations to delegate to ROs the responsibility for verifying compliance with the ISM Code and for issuing Documents of Compliance (DoC) to Companies and SMCs to ships on behalf of the Administrator (see reference (d) of this Notice).

2.2.2 The Administrator has delegated by written agreement to certain Classification Societies and entities the authority to verify compliance with the ISM Code and to issue ISM Code documents on behalf of the RMI. A list of ROs and the scope of their authority for the purposes of ISM Code verifications and certification has been circulated by means of an RMI Marine Safety Advisory, which is updated as necessary.

2.3 Administrator Rights

The Administrator retains the right to conduct audits, assessments and inspection activities independent of or in concert with those of an RO in order to verify proper implementation, application, and enforcement of the provisions of the ISM Code.

2.4 Separation of Functions

2.4.1 In those instances where an RO provides both consulting and auditing services for ISM Code Certifications, the RO shall ensure the independence of these two (2) functions. Auditors must be free from bias and influences, which could affect objectivity. There must be a demonstrable and proven separation between personnel providing consultancy and those providing the services to the same Company.

2.4.2 An RO may provide ISM Code verification services to vessels for which the RO also provides ship statutory certification services, provided, the ship safety management audits and assessments are conducted separately, and in addition to, existing ship statutory certification and classification survey functions.

2.4.3 The verification of compliance with mandatory rules and regulations, which is part of the ISM Code certification process, neither duplicates nor substitutes for surveys for other statutory certificates. The verification of compliance with the ISM Code does not relieve the Company, the Master or any other entity or person involved in the management or operation of a ship or ships of their responsibilities.

3.0 National Requirements for an SMS by ISM Code Element

3.1 General

3.1.1 Every Company must develop, implement, and maintain an SMS in accordance with the requirements of the ISM Code. Failure to do so will be considered a violation of SOLAS Chapter IX, and the Company's ships shall be prevented from actively trading and/or operating until determined to be in compliance.

3.1.2 The Administrator considers the International Ship and Port Security (ISPS) Code to be an extension of the ISM Code under "Emergency Preparedness." As such, emergency preparedness planning for matters of security must be linked to the SMS for both the Company and ship.

- 3.1.3 The RMI's National policies regarding the safe and secure management and operation of ships and protection of the environment shall be incorporated into the Company and shipboard SMS and compliance with them must be ensured. These national requirements are supplemental to the ISM Code and can be found in the RMI Maritime Act (MI-107), Maritime Regulations (MI-108), Requirements for Merchant Marine Personnel Certification (MI-118), Marine Notices and Guidelines contained in the Combined Publication Folder (MI-300) and on the Administrator's website.
- 3.1.4 There are many regulations and guidelines, both internationally-adopted and industry-initiated, which must be taken into account by a Company in developing, managing and implementing an SMS in order to comply with the RMI requirements. One publication that the Administrator highly recommends utilizing to advance compliance is entitled, *Guidelines on the Application of the IMO International Safety Management (ISM) Code*, and is published jointly by the International Chamber of Shipping and International Shipping Federation. This publication includes additional guidance on risk management, safety culture and environmental management. A list of publications, in addition to this one, that should be considered in developing an effective SMS are included in Appendix I of this Notice.
- 3.1.4 A strong environmental component of an SMS is critical. The Administrator requires full compliance with international and RMI National environmental regulations and encourages Companies to utilize their SMS as a tool for preventing damage to the marine environment. In the event of an accident or pollution incident, the extent to which IMO and industry guidance have been considered in an SMS may play an important role in determining whether a Company has exercised "due diligence."

3.2 Safety, Security and Environmental Protection Policy

- 3.2.1 Company Management must establish a Safety, Security and Environmental Protection Policy that:
- is appropriate for the purpose of providing its ship services;
 - includes a commitment to meet the obligations of the Company under the provisions of the ISM Code;
 - provides guidelines for the establishment of measurable safety management system objectives;
 - commits to remain alert for ways to improve as changes occur in regulations and in the industry; and
 - is communicated throughout the Company's organization, its associates and to its shipboard personnel;
- 3.2.2 The Safety, Security and Environmental Protection Policy must be approved by the Company's Chief Executive or other senior executive officer, and shall be reviewed at regular intervals to ensure that it remains likely to achieve the established measurable safety management system objectives of the ISM Code.

3.3 SMS Objectives

- 3.3.1 Company Management must ensure that its policies are carried out through the establishment of safety management system objectives set at relevant functions and levels in the Company's organization. These objectives must be consistent with the Safety, Security and Environmental Protection Policy and be measurable through defined service and operational goals.
- 3.3.2 Company and shipboard operational procedures must be based on formal risk assessment, and evidence of this must be demonstrated through documentation. Refer to Section 10.2, Major Nonconformity, of this Notice.
- 3.3.3 Certain aspects of security, corporate social responsibility, management accountability, strategic policy implementation and effective governance frameworks, will be required, particularly regarding a clearly articulated risk management policy, formalizing risk ownership processes, structuring framework processes and adopting continuous improvement programs. Companies are advised to consider such guidelines for development and implementation as are provided in Appendix I.

3.4 Company Responsibilities and Authority

- 3.4.1 The owner of each vessel must provide the Office of the Maritime Administrator, Marine Safety, with the name, address, telephone and facsimile numbers and email address of the Company responsible for the operation of the vessel.
- 3.4.2 If the organization or person responsible for the operation of a ship is other than the owner, the owner must provide the Administrator with the full name of such entity and submit details, which establish that entity as the Company to the satisfaction of the Administrator. The form MI-297A, Declaration of Company, at Appendix II, which may be photocopied, is to be used as necessary.
- 3.4.3 In defining and documenting the responsibility, authority and interrelation of personnel concerned with the SMS, the Company should consider the use of diagrammatic charts to show how the defined responsibilities of shore and sea personnel interrelate in order to achieve the systems objectives. The Company should also define the level of knowledge required of personnel for the ship types that the Company is operating and job descriptions with duties as they relate to the SMS.

3.5 Designated Person(s)

- 3.5.1 In accordance with the ISM Code the Company must designate a person or persons who will be responsible for monitoring and verifying proper operation of the SMS within the Company and on each ship. The designated person(s) shall have the independence and authority to report deficiencies observed to the highest level of management (i.e., the final decision maker regarding shoreside management and support and vessel operation and safety). Guidance on the qualifications, training and

experience necessary for undertaking the role of the designated person under the provisions of the ISM Code is contained in MSC-MEPC.7/Circ.6.

- 3.5.2 The Company must provide the Administrator with the full name of the designated person and information to enable direct and immediate contact at all times between the Administrator and the designated person with regard to matters relating to maritime safety, security and protection of the marine environment. The Administrator highly recommends that the Company also select an alternate designed person or persons to reduce the potential for single point failure. The Company is requested to use form MI-297B, Declaration of Designated Person(s), at Appendix II.

3.6 Master's Responsibility and Authority

- 3.6.1 Section 811 of the RMI Maritime Act expressly prescribes to the specific duties of the Master. The Administrator also acknowledges the importance of IMO Resolution A.443(XI), "Decisions of the Shipmaster with regard to Maritime Safety and Marine Environment Protection." The SMS shall incorporate the elements of A.443(XI), RMI Maritime Act 1990, § 811, and RMI Regulation 7.41.1. For MODUs, further reference must be made to publication MI-293, Mobile Offshore Drilling Unit Standards.
- 3.6.2 Any system of operational control implemented by Company shore based management must allow for the Master's absolute authority and discretion to take whatever action he or she considers to be in the best interest of passengers, crew, cargo, the vessel and the marine environment.
- 3.6.3 The Company shall provide the Master with documentation providing the specific duties delegated to the officers under the Master's command.
- 3.6.4 The Master shall periodically review the SMS as part of the shipboard internal audit process and report any deficiencies to shore based management.

3.7 Resources and Personnel

- 3.7.1 Senior management shall consider the provision of human resources in the Company suitable to the task and provide all the necessary means by which to maintain an adequate and effective SMS which complies with the requirements of the ISM Code. It is essential that appropriate and sufficient manning levels be established and maintained aboard ships in accordance with IMO Resolution A.890(21), Principles of Safe Manning, as amended, and RMI Notice 7-038-2, Minimum Safe Manning Requirements for Vessels. These human resource needs shall be continuously assessed.
- 3.7.2 Company training, hiring, manning procedures, terms of employment, personnel record keeping and reporting procedures must be consistent with the requirements of STCW, MLC, 2006 and RMI Maritime Regulations to ensure the use of competent qualified personnel.

- 3.7.3 Compliance with the hours of rest standard, as adopted by the Administrator in Marine Notice 7-051-2, is required and shall be monitored as part of the SMS. The Administrator shall consider manning levels to be inadequate if crew members are unable to adhere to the above rest hour standard.
- 3.7.4 Companies shall issue contracted crewing agencies, if used, a copy of the relevant provisions of the SMS, together with necessary instructions on their use before selected personnel are appointed.
- 3.7.5 The Company SMS shall ensure that joining crew members have proper Marshall Islands seafarers' certification including licenses, special qualification certificates, seafarer's identification and record books and training as required by international conventions and related Codes, the RMI Maritime Act, the RMI Maritime Regulations and the specifics of the publication MI-118, "Requirements for Merchant Marine Personnel Certification."
- 3.7.6 The shipboard SMS shall include for on-coming officers and crew procedures for the transfer of command, documented hand-over notes, documented vessel and duties introductions, familiarization training in accordance with § A-I/6 of the STCW Code and on board documentation retention.
- 3.7.7 The ship's complement must be able to effectively coordinate their activities in an emergency situation and in performing functions vital to safety, security and the prevention or mitigation of pollution; and
- 3.7.8 At all times on board its ships there shall be effective oral communication in accordance with Chapter V, regulation 14, paragraphs 3 and 4 of the SOLAS Convention.

3.8 Development of Plans for Shipboard Operations

- 3.8.1 In accordance with Maritime Regulation 7.41.11, a "Master's Port Arrival/Departure Safety Check List" shall be included in the shipboard SMS incorporating pre-established Company policy guidelines for "Go, No Go" situations and reporting requirements for the Master's compliance.
- 3.8.2 The ship's operations documentation shall include a statement that its contents do not remove the Master's authority to take such steps and issue any orders, whether or not they are in accordance with the contents of the documentation, which the Master considers to be necessary for the preservation of life; the safety and security of the vessel, crew and cargo; and the protection of the marine environment.
- 3.8.3 The ship's operations plans shall include procedures to ensure the required Marshall Islands annual safety inspections (ASIs) are conducted on time and in accordance with the Maritime Regulations and Marine Notice 5-034-3.

- 3.8.4 The ship's operations plans shall incorporate the Maritime Regulations requirement for weekly emergency drills and training sessions.
- 3.8.5 The ship's operations plans shall direct the attention of masters, chief engineer officers and all watchkeeping personnel to the requirements, principles and guidance set out in the STCW Code, Marine Notice 7-038-4 and Marine Notice 7-038-2, which shall be observed to ensure that a safe continuous watch or watches appropriate to the prevailing circumstances and conditions are maintained in all seagoing ships at all times.
- 3.8.6 The ship's operations plans shall require that watch systems are so arranged that the efficiency of all watchkeeping personnel is not impaired by fatigue and that duties are organized so that the first watch at the commencement of a voyage and subsequent relieving watches are sufficiently rested and otherwise fit for duty.
- 3.8.7 It is recommended that a Ship Energy Efficiency Management Plan (SEEMP) be included in the ship's operations plans in order to reduce fuel consumption and CO₂ emissions. Although SEEMP is currently a voluntary IMO measure, it becomes mandatory on 1 January 2013.

3.9 Emergency Preparedness

- 3.9.1 The Company SMS must provide that statutory, Administrator, coastal State or Company required emergency preparedness plans are developed, implemented, periodically reviewed and updated, and if necessary, re-approved by the Administrator or an RO on its behalf.
- 3.9.2 The Company SMS must consider measures to enhance the safety and security of the ship through the implementation of a Ship Security Plan as guided in MSC/Circ.443, RMI Marine Notice 2-011-16 (International Ship and Port Facility (ISPS) Code), RMI Marine Notice 2-011-31 (Piracy, Armed Attacks, Hijacking, Terrorism: Reporting Incidents, Ships Security Plans and Best Management Practices) and related IMO Circulars.
- 3.9.3 The Company SMS shall be used to ensure that Shipboard Oil Pollution Emergency Plans (SOPEPs) and Marine Pollution Emergency Plans (SMPEPs) are up to date and fully adhered to, as appropriate, during emergencies. See MN-2-013-4, Shipboard Oil Pollution Emergency Plan (SOPEP) Approval for Marshall Islands Ships.
- 3.9.4 MODUs subject to compliance shall have the Offshore Installation Manager's (OIM) duties (including his or her second in command) clearly defined in the Well Safety Case, and the Master's duties (including his or her second in command) defined in the SMS Emergency Procedures. The interfaces between these two documents (the Well Safety Case and SMS) shall be clearly defined in a "Bridging Document" with responsibilities for all operations, particularly emergency scenarios, prescribed in detail. The Bridging Document shall be signed by all parties noted and copies held by all parties.

3.10 Reports and Analysis of Nonconformities, Accidents and Hazardous Occurrences

- 3.10.1 The shipboard SMS procedures for reporting near accidents, accidents and incidents shall incorporate the provisions of Chapter 6 of the Maritime Regulations (MI-108) and MN-6-037-1 which require the immediate notice and reporting of incidents to the Administrator and establishes duties and responsibilities for the Company, ship officers and crew. Guidance on investigating near-misses under the ISM Code as contained in MSC-MEPC.7/Circ.7 must be considered.
- 3.10.2 The Company and shipboard SMS shall contain procedures for immediately reporting to the Administrator oil spills and any incidents that involve other harmful substances under MARPOL 73/78 as they are occurring in accordance with Attachment 1 to Marine Notice 2-013-2.
- 3.10.3 The Company and shipboard SMS shall contain procedures for immediately reporting to the Administrator any intentional illegal discharge of waste with a request for an investigation. In such instances, the investigation shall be conducted by the Administrator in accordance with MI-260, Rules for Marine Investigations.
- 3.10.4 The Company and shipboard SMS shall contain procedures for immediately notifying the Administrator of port or coastal State action in response to the contravention of or non-compliance with international convention or code requirements in accordance with MI-108, § 6.36.
- 3.10.5 The Company SMS shall incorporate the provisions of Maritime Regulation 7.41.10 on accident prevention and appointment of a safety officer or committee.

3.11 Maintenance of the Ship and Equipment

- 3.11.1 The maintenance system established by the Company and documented in its SMS should include systematic plans and actions designed to address all those items and systems covered by class and statutory survey and to ensure that the vessel's condition is satisfactorily maintained at all times.
- 3.11.2 The shipboard SMS shall include, as part of the Company internal audit, RMI ASIs required by Maritime Regulation 5.34, as more fully described in Marine Notice 5-034-1. Form MSD 338, the "Operational/Safety Checklist for SOLAS 74/78," or a similar Company developed form as addressed in Marine Notice 5-034-3 shall be used.
- 3.11.3 The Company SMS shall also provide for the logging of actions or measures taken to rectify deficiencies and nonconformities noted during internal audits, external audits, surveys, and flag State safety inspections, and the giving of notification to the Administrator and the designated RO of the corrective actions taken, including measures to prevent recurrence.

3.12 Documentation

- 3.12.1 The Company shall establish and maintain procedures to control all documents and data which are relevant to the SMS. This includes documents and data related to the formal risk assessment. Refer to Section 10.2, Major Nonconformity, of this Notice.
- 3.12.2 The SMS documentation should be limited to that which adequately covers the applications of the system to established operational standards for safety and environmental protection. Documents shall be easily identified, traceable, user friendly and not so voluminous as to hinder the effectiveness of the SMS. They shall be readily available for review by the RO, representatives of the Administrator and port State control authorities. The SMS documentation provided must be current. Expired documentation shall not be accepted.
- 3.12.3 When a ship leaves a Company's fleet, all copies of the SMS documentation shall be returned to the designated person ashore.

3.13 Company Verification, Review and Evaluation

- 3.13.1 The Company must conduct internal audits shoreside and on each ship at intervals not exceeding 12 months to determine whether the various elements of the Company SMS have been fully implemented and are effective in achieving the stated system objectives of Company policy and the ISM Code. The internal audits are in addition to the annual, intermediate, and renewal audits carried out by the RO.
- 3.13.2 In exceptional circumstances, the 12 month interval for shipboard internal audits may be allowed to be exceeded, but not by more than three (3) months. The acceptability of any exceptional circumstances will be considered by the Administrator on a case-by-case basis prior to the postponement of an internal audit. All requests for an extension of the 12 month interval must be presented to the Administrator well in advance accompanied by documentation explaining why the internal audit cannot be conducted within the required timeframe. This documentation and the Administrator's authorization for postponement shall be presented to the RO for verification at the annual Company audit and relevant shipboard audit. In all cases, there shall not be less than five (5) internal audits of the Company or any ship during the five (5) year validity of certification.
- 3.13.3 Companies shall ensure that an internal SMS audit schedule is developed and implemented. All elements of the SMS should be covered in the schedule. The purpose of the internal audit is to assess the system, not to allocate blame, and in general, should include:
- .1 an evaluation as to the suitability of safety, security and environment protection policy in achieving the objectives of the ISM Code, including both the prevention of pollution accidents and incidents of deliberate pollution;

- .2 a review of safety, security and environment protection system objectives and targets;
- .3 a review of and follow-up on findings from internal and external audits;
- .4 consideration of possible changes made necessary by legislation or regulation;
- .5 consideration of changes within the Company (e.g., fleet changes, trade and market strategies, social or environmental attitudes);
- .6 an examination of training needs;
- .7 lessons learned from accidents, hazardous occurrences and nonconformities;
- .8 a review of procedures and other instructions;
- .9 the results of surveys, Company inspections and flag State and port State inspections;
- .10 feedback from Masters, employees and other relevant stakeholders; and
- .11 findings following emergency drills and exercises.

3.13.4 Written procedures detailing the arrangements for internal SMS auditing must be prepared in accordance with ISM Code § 12.3. All internal SMS audit reports and findings shall be the property of the Company.

4.0 Selection of a Recognized Organization

4.1 Delegation

The Marshall Islands has delegated to certain Classification Societies the authority to act as ROs for verifying compliance with the ISM Code and issuance of ISM Code documents on its behalf. A list of the authorized RMI ROs with scope of authority and contact points has been circulated by means of an RMI Marine Safety Advisory, which is updated as necessary.

4.2 Company Choice

4.2.1 Companies may choose any of the authorized ROs to conduct safety management audits of the Company and its ships. Choice of an RO is not restricted by the nationality of the ship's owner/operator, location of a Company's offices or by the Classification Society that classed the ships or issued the statutory certificates. Once chosen, however, the Company must abide by the terms of service set by the RO, provided, however, that they are not less than the minimum standards set by the ISM Code. The Company is responsible for arranging the safety management audits with the selected RO.

- 4.2.2 Although the Administrator’s criterion upon which an RO agrees to provide ISM Code verification services to a Company does not require that the RO has classed or will be classing the vessels owned or operated by the Company, an RO shall not be prohibited from establishing its own requirements for services in relation to classification and statutory certification, provided there are no negative effects upon compliance with the ISM Code.

4.3 Multi-Class Fleets

For a Company operating a fleet with vessels individually classed by one (1) or more recognized Classification Societies, a single RO may, if requested by the Company, act as sole assessor in performing the verification audit and certification of the SMS for the Company and all of its vessels. The RO does not have to be the Classification Society for any of the vessels in the fleet. ROs may establish their own service requirements, provided they do not negatively affect compliance with the ISM Code.

4.4 Multi-Flag Fleets

In order to facilitate the auditing and certification process, Companies operating multi-flag fleets shall propose a plan of action and request agreements by all involved flag States regarding the joint acceptance of an RO audit prior to the commencement of the audits. The plan shall clearly identify the entities involved; outline how the audits will be conducted, how each flag State’s national requirements will be addressed, and who will be issuing the ISM Code documents. See MSC/Circ.762 - MEPC/Circ.312, Guidance to Companies Operating Multi-Flagged Fleets.

5.0 Verification of Compliance and Issuance of ISM Code Documents

5.1 Application for Certification

- 5.1.1 After developing and implementing the SMS, the Company must contact an RO to arrange for an initial verification audit and certification of the Company and its vessels. The Company’s application for certification to the RO, and the relevant information, must include the size and total number of each ship type covered by the SMS and any other documentation considered necessary. Ships carrying dry cargo in bulk but which do not meet the MSC.277(85) definition for a “Bulk Carrier” are to be typed as “Other Cargo Ships.”
- 5.3.2 Companies operating multi-flag fleets desiring RMI acceptance of ISM Code audits conducted on behalf of another flag State must propose a plan of action regarding joint acceptance of the ISM Code audits by the involved flag States. The proposed plan shall clearly identify the entities involved, outline how the audits will be conducted, and how each flag State’s national requirements will be addressed. The proposed plan shall be submitted to all involved flag States requesting their agreement to the plan for joint acceptance of the audits in order to facilitate the auditing and certification process.

5.2 Initial verification Audits

5.2.1 The initial verification for issuing a DoC to a Company consists of the following steps:

- .1 Document Review: The RO is to verify that the SMS and any relevant documentation comply with the requirements of the ISM Code, by reviewing the safety management manual. If this review reveals that the system is not adequate, the RO may delay auditing until the Company undertakes corrective action. Amendments made to the system documentation to correct deficiencies identified during this review may be verified remotely or during the subsequent initial audit described in .2 below.
- .2 Company initial audit: The RO shall conduct an initial audit in order to verify the effective functioning of the SMS, including objective evidence that the Company's SMS has been in operation for at least three (3) months, and at least three (3) months on board at least one (1) ship of each type operated by the Company.
- .3 The objective evidence is to, *inter alia*, include records from the internal audits performed by the Company, ashore and on board, and examining and verifying the correctness of the statutory and classification records for at least one ship of each type operated by the Company.

5.2.2 The initial verification for issuing an SMC to a ship consists of the following steps:

- .1 verification that the Company DoC is valid and relevant to that type of ship, and that the other provisions of paragraph 6.3.3 below are complied with. Only after on board confirmation of the existence of a valid full term DoC can the verification proceed; and
- .2 verification of the effective functioning of the SMS, including objective evidence that the SMS has been in operation for at least three (3) months on board the ship. The objective evidence shall also include records from the internal audits performed by the Company.

5.2.3 If the Company already has a valid full term DoC issued by another organization recognized by the Administrator, that DoC shall be accepted as evidence of compliance with the ISM Code, unless there is objective evidence indicating otherwise.

5.3 Annual and Intermediate Verification Audits

5.3.1 The Company is responsible for scheduling with the RO the annual and intermediate verifications. Failure to schedule and/or conduct annual or intermediate verifications will be considered a violation of SOLAS Chapter IX, and the DoC and/or SMCs may be suspended or revoked.

- 5.3.2 The RO may conduct additional audits on the Company and/or vessels if objective evidence justifying such audits is found during the annual audit of the Company SMS, the intermediate audit of a vessel or when directed by the Administrator.

5.4 Renewal Verification Audits

Renewal verification audits are to be performed before the validity of the DoC and the SMC expires. Renewal audits may be carried out within three (3) months before the expiry date of the DoC or the SMC and shall be completed before the DoC or the SMC expires. Failure to schedule and/or conduct the renewal verification audit will be considered a violation of SOLAS Chapter IX, and the Company's ships may be prevented from trading.

5.5 Notification of Audit Results

ROs shall notify the Administrator by email of the completion of an audit and make the audit report results available for review by the Administrator from the RO's website.

6.0 Issue and Validity of DoC and SMC

6.1 Interim DoC

- 6.1.1 For a change of flag State or Company, special transitional arrangements are to be made in accordance with these requirements.
- 6.1.2 An Interim DoC, which must include a listing of the Company branch office(s) assigned to manage the vessel, may be issued to facilitate initial implementation of the ISM Code in cases where compliance with the ISM Code is a new requirement or where changes to the Company's organization or its operations have rendered the existing certification inappropriate, for example, where a Company is newly established or where new ship types are added to an existing DoC. A copy shall be forwarded via email to the Administrator by the RO immediately upon issuance.
- 6.1.3 An Interim DoC, valid for no more than 12 months may be issued to a Company following a demonstration, at the Company's premises, that the Company has a documented SMS which addresses all elements of the ISM Code, and that plans exist for its implementation throughout the organization and its fleet within the period of validity of the Interim DoC. The progress of such implementation may be reviewed and verified at intervals during the validity of the Interim DoC.
- 6.1.4 If the Company operates a multi-flag fleet and already has a DoC issued by or on the behalf of another flag State that is recognized by this Administrator, the RO may issue an Interim DoC valid for a period of up to six (6) months subject to the RO reviewing and verifying to its satisfaction that the Company SMS is in compliance with the ISM Code and RMI National requirements within that period of validity. The Company will be issued a Marshall Islands DoC upon satisfactory completion of the review and verification.

6.1.5 A copy of the Interim DoC is not required to be authenticated or certified, but shall be placed on board so that the Master, if so requested, may produce it for verification by the Administrator or by an organization recognized by the Administrator or for the purpose of the control referred to in regulation IX/6.2 of the SOLAS Convention.

6.2 Full Term DoC

6.2.1 A Full Term DoC, which must include a listing of the Company branch office(s) assigned to manage the particular vessel, shall be issued to a Company following an initial verification of compliance with the requirements of the ISM Code and RMI National requirements prior to the expiry of the interim period of certification. A copy shall be forwarded via email to the Administrator by the RO immediately upon issuance.

6.2.2 The Company shall make available copies of the Full Term DoC to each office location covered by the SMS and each ship. The copies of the DoC are not required to be authenticated or certified, but shall be placed on board so that the Master, if so requested, may produce it for verification by the Administrator or by an organization recognized by the Administrator or for the purpose of the control referred to in regulation IX/6.2 of the SOLAS Convention.

6.2.3 The period of validity of a Full Term DoC shall be five (5) years, subject to annual verification carried out within three (3) months before or after the anniversary date.

6.2.4 If the Company operates a multi-flag fleet and already has a full term DoC issued by or on the behalf of another flag State that is recognized by the Administrator, the RO may issue a full term DoC with same validity as the existing DoC, provided that the auditor is able to verify the successful implementation of all the RMI national requirements during the course of the audit. By no means shall the MI DoC be issued without an audit.

Should the RMI national requirements found not to be successfully implemented, the auditor shall verify that plans exist for its implementation and issue an **Interim DoC**.

6.2.5 A Full Term DoC is valid for the types of ships on which the initial verification was based. The list of types of ship shall be indicated in the DoC. The scope of a DoC may be amended to cover an additional type of ship after the verification of the Company's capability to comply with the requirements of the ISM Code for that ship type.

6.3 Interim SMC

6.3.1 Requirements for Issuance

Interim RMI SMCs may be issued to new vessels on delivery, on the occasion of a Company's assumption of responsibility for the operation of a vessel or when a vessel changes flag subject to the following verifications by the RO:

- .1 the DoC, including Interim DoC, of the Company is relevant to the type of vessel;
- .2 the SMS established by the Company includes the essential elements of the ISM Code and has been assessed relevant to the vessel type during the audit for issuance of the relevant DoC;
- .3 the Master and relevant senior officers are familiar with the SMS and the planned arrangements for its implementation;
- .4 operational instructions, which the Company has identified as essential to be provided to the Master prior to the vessel's first voyage under the RMI flag, have, in fact, been given to the Master;
- .5 there are plans for an internal audit of the vessel by the Company within three (3) months of the issuance of the Interim SMC; and
- .6 the relevant information on the SMS is given in a working language or languages understood by the crew of the vessel.

6.3.2 Multi-Flag Fleets

Each RMI-flagged vessel in the multi-flag fleet may be issued an Interim SMC valid for a period of up to six (6) months to facilitate implementation of the SMS subject to the provisions of Sections 6.3.3 and 6.3.4 below. Each RMI-flagged vessel in the multi-flag fleet shall be audited by the RO to verify implementation of the SMS and compliance with RMI National requirements. Upon satisfactory completion of the audits, a RMI Full Term SMC shall be issued to each RMI-flagged vessel in the multi-flag fleet.

6.3.3 Documented Vessel Types

A Company holding a valid RMI DoC, which assumes management responsibility for a vessel type already documented in its fleet, may have a six (6) month Interim SMC issued to that ship subject to the ship being verified by the RO as to compliance with the provisions of Section 6.3.1 of this Notice. The SMS must be fully implemented on board the vessel within that period. Extensions of time up to, but not exceeding, six (6) additional months may be granted by the Administrator on a case-by-case basis.

6.3.4 Undocumented Vessel Types

A Company holding a valid Marshall Islands DoC which assumes management responsibility for a vessel type new to its fleet, may have a six (6) month Interim SMC issued to that ship, provided the RO verifies that the Company's revised SMS is applicable to that vessel type and the ship is verified in compliance with the provision of Section 6.3.1 of this Notice. The SMS must be fully implemented in the Company and on board the vessel within that period. Extensions of time up to, but not

exceeding, six (6) additional months may be granted by the Administrator on a case-by-case basis.

6.3.5 Bareboat Charter Registered Vessels

Bareboat Charter registered vessels shall be subject to the provisions of Section 6.3.3 or 6.3.4 of this Notice as applicable upon entry into the RMI Maritime Registry.

6.3.6 Administrator Copies

Interim SMCs shall be forwarded via email to the Administrator by the RO immediately upon issuance.

6.4 Full Term SMC

6.4.1 A Full Term SMC shall be issued to a ship following an initial verification of compliance with the requirements of the ISM Code and RMI National requirements prior to the expiry of the interim period of certification. A copy shall be forwarded via email to the Administrator by the RO immediately upon issuance.

6.4.2 A copy of the Full Term SMC shall be available at the Company's head office.

6.4.3 The issue of a Full Term SMC is conditional upon:

- .1 the existence of a Full-Term DoC (not Interim), valid for that type of ship;
- .2 the maintenance of compliance with the requirements of a Classification Society meeting the requirements of IMO Resolution A.739(18) or with national regulatory requirements of an Administration which meets requirements equivalent to A.739(18); and
- .3 the maintenance of valid statutory certificates, including a Full Term ISSC.

6.4.4 The period of validity of a Full Term SMC shall not exceed five (5) years and be subject to at least one (1) intermediate verification. In certain cases, particularly during the initial period of operation under the SMS, it may be necessary to increase the frequency of the intermediate verification. If only one (1) intermediate verification is carried out, it is to take place between the second and third anniversary date of the issuance of the SMC.

7.0 Short-Term Certificates

7.1 Issue and Validity

7.1.1 The Administrator has authorized the RO to issue a Short-Term certificate at the closing of a satisfactory ISM Code audit to accommodate the administrative processing period required for the issuance of a Full-Term certificate, subject to the following provisions.

- 7.1.2 The Short-Term DoC or SMC may be issued provided no major nonconformities remain and the RO auditor formally recommends certification of the Company or vessel.
- 7.1.3 The validity of the Short-Term DoC or SMC, as appropriate, is not to exceed five (5) months from the date of the ISM Code audit.
- 7.1.4 The RO shall provide a copy via email to the Administrator immediately upon issuance.

7.2 Change of Flag Only

- 7.2.1 The RO is authorized to issue a Short Term SMC to a vessel changing flag without an initial verification audit if the following conditions exist:
- .1 the Company chooses not to undergo a full initial verification audit leading to a new Full-Term five (5) year SMC;
 - .2 the vessel is changing flag within a Company managed fleet;
 - .3 the Company remains the same and holds a valid RMI Full Term DoC for the ship type;
 - .4 the vessel has a valid SMC, with no major nonconformities open or outstanding;
 - .5 the RO remains the same for the vessel;
 - .6 the crew is predominantly the same, or at the very least, is familiar with the SMS; and
 - .7 a periodical external audit aboard the vessel has been satisfactorily completed by the RO within the last six (6) months or an annual shipboard internal audit has been reviewed with satisfaction by the RO at the most recent annual Company DoC audit made within that same period.
- 7.2.2 If any of the conditions mentioned above have changed or does not apply with the change of flag, then the vessel must be treated as a new vessel entering the RMI Maritime Registry and be issued an Interim Certificate in accordance with Section 6 and subparagraph 6.3 above.

7.3 Full-Term Certificates

- 7.3.1 Prior to the expiration of Short-Term Certificates, the RO shall issue Full-Term DoC or SMCs to the Company and vessels respectively. Copies shall be forwarded via email to the Administrator by the RO immediately upon issuance.
- 7.3.2 The validity of the Full-Term DoC or SMCs, as appropriate, is to be five (5) years from the date of the ISM Code audit.

- 7.3.3 A Full-Term SMC shall be issued as soon as possible after the issuance of a Short-Term SMC where an audit has not been required for a change in flag only in accordance with Section 7.2 above, but only for the remaining term of the SMC being replaced.
- 7.3.4 See Section 6.4.3 above for the conditions upon which a Full Term SMC may be issued.
- 7.3.5 A Full Term Certificate issued for a Company or vessel that is complying voluntarily must be marked as such on the certificate.

8.0 Renewal Verification Certification

- 8.1 When the renewal verification is completed after the expiry date of the existing SMC, the new SMC should be valid from the date of completion of the renewal verification to a date not exceeding five (5) years from the date of expiry of the existing SMC.
- 8.2 The Administrator, or an RO on its behalf, may endorse an existing SMC if a renewal verification has been completed and a new SMC cannot be issued or placed onboard the ship before the expiry date of the existing certificate. This existing endorsed certificate may remain valid for a further period not exceeding five (5) months from its expiry date.
- 8.3 If a ship at the time when a SMC expires is not in a port in which it is to be verified, the Administrator may extend the period of validity of the SMC, but this extension should be granted only for the purpose of allowing the ship to complete its voyage to the port in which it is to be verified, and then only in cases where it appears proper and reasonable to do so. No SMC should be extended for a period of long than three (3) months, and the ship to which an extension is granted should not, on its arrival in the port in which it is to be verified, be entitled by virtue of such extension to leave that port without having a new SMC. When the renewal verification is completed, the new SMC should be valid to a date not exceeding five (5) years from the expiry date of the existing SMC before the extension was granted.

9.0 Safety Management Auditing

ROs shall conduct a systematic and independent examination to determine whether the SMS activities and related results of a Company comply with planned arrangements and whether these arrangements are implemented effectively and are suitable to achieve stated system objectives.

9.1 Guidelines

The IACS “Procedural Requirements for ISM Code Certification,” as amended, shall form the basis for developing and implementing audit plans.

9.2 Audit Objectives

Audits shall be designed to achieve at least one (1) or more of the following purposes:

- .1 to determine whether a Company's SMS elements conform to the ISM Code;
- .2 to determine the effectiveness of the implemented SMS toward meeting the safety, security and environmental objectives specified in § 1.2 of the ISM Code;
- .3 to provide the Company with the opportunity to improve upon its SMS; and
- .4 to meet applicable RMI National requirements.

9.3 Audit Activities

While acting in an ethical manner at all times and objectively remaining within the audit scope, an RO's audit activities shall consist of, among other things, the following:

- .1 complying with RO's applicable written auditing procedures and other directives;
- .2 planning the audit and preparing working documents;
- .3 reviewing documentation on existing SMS activities to determine their adequacy;
- .4 collecting and analyzing objective evidence that is relevant and sufficient to permit conclusions to be reached regarding the Company SMS;
- .5 remaining alert to any indications of objective evidence that can influence the audit results and possibly require more extensive auditing;
- .6 clearly reporting to the Company and the Administrator audit results on a timely basis; and
- .7 reporting major nonconformities immediately to the Company and promptly to the Administrator.

9.4 Objective Evidence

Objective evidence shall consist of quantitative or qualitative information, records or statements of fact pertaining to safety or to the existence and implementation of an SMS element, which is based on observation, measurement or test and which can be verified.

9.5 Document Review

9.5.1 As a basis for planning an audit, an RO shall review for adequacy the Company's recorded description of its methods for meeting the SMS requirements.

9.5.2 No further auditing shall be conducted if the review reveals that the SMS described in the documentation by the Company is not adequate to meet the requirements of the

ISM Code until such time as all nonconformities are resolved to the satisfaction of the RO.

9.6 Audit Plans

9.6.1 An audit plan shall be prepared by the RO in consultation with the Company.

9.6.2 The RO shall design the audit plan to be flexible in order to permit changes in emphasis based on information gathered during the audit process and to permit effective use of the RO's resources. The plan is to be approved by the Company and communicated to those planning to be involved in the audit.

9.6.3 The audit plan shall include the following elements:

- .1 the audit objectives and scope;
- .2 identification of the individuals having significant direct responsibilities regarding the objectives and scope;
- .3 identification of reference documents such as applicable international codes, bridging documents, external audits and assessments, and the Company's SMS;
- .4 identification of audit team members;
- .5 audit team assignments;
- .6 the language of the audit;
- .7 dates and places where audit is to be conducted;
- .8 identification of the organizational units of the Company to be audited;
- .9 the expected time and duration for each major audit activity;
- .10 the schedule of meetings to be held with the Company or audited unit; and
- .11 confidentiality requirements, if any.

9.6.4 Upon request, the audit plan shall be provided to the Administrator for its review.

10.0 Nonconformities

10.1 Nonconformity

10.1.1 Definition

Nonconformities are those deviations from the requirements of the ISM Code, the Administrator and/or the documented SMS of a Company that pose a low level of risk to the vessel's safety, security, protection of the environment or integrity of the SMS. Nonconformities shall include observed situations where objective evidence indicates a minor nonfulfillment of a specified requirement that has been determined by the RO

not to affect the ability of the management of the Company nor any of its vessels from achieving the system objectives of the Company or the ISM Code.

- 10.1.2 The purpose of identifying nonconformities is to determine why the nonconformity arose so that appropriate corrective action can be taken to avoid recurrence. The identification of nonconformities via the audit process allows for continuous improvement and development of best practices.
- 10.1.3 Corrective action for nonconformities shall be completed within a time period agreed to between the RO and the Company, which shall not exceed three (3) months from the date of issuance of a nonconformity notice. The RO shall confirm that the Company and/or vessel has determined and initiated appropriate corrective action to correct the nonconformities or to correct the root causes of the nonconformities.
- 10.1.4 The RO shall advise the Administrator of corrective actions requiring more than three (3) months and obtain approval for such extended time periods, as determined by the RO to be required, from the Administrator.

10.2 Major Nonconformity

10.2.1 Definition and Examples

A major nonconformity shall mean an identifiable deviation, which poses a serious threat to personnel or vessel safety, security or serious risk to the environment and requiring immediate corrective action. In addition, major nonconformities shall include the lack of effective or systematic implementation of the requirements of the ISM Code. Examples of specific major nonconformities are, but not limited to:

- .1 Operational shortcomings that would render the ship substandard by IMO standards.
- .2 Ship hull/machinery damage, wastage or malfunction as a consequence of systemic faults in the SMS that would warrant a recommendation to withdraw a statutory certificate or suspension of the ship from class.
- .3 Absence of required RMI licensed officers and or certified ratings as required by the RMI Maritime Act, Marshall Islands Minimum Safe Manning Certification and the STCW, unless the Master is in possession of a valid exemption from the Administrator.
- .4 Discovery by the RO that there are outstanding requirements on the statutory safety certificates which, as yet, have not been dealt with within the time permitted as a result of systemic faults in the SMS.
- .5 Observation of an obvious safety, security or environmental violation during an audit, which has not been or is not being corrected or documented.
- .6 Observation of obvious violations of the applicable ILO Convention requirements that have not been documented as waived or exempted.

- .7 Objective evidence of flagrant violations of the RMI safety, security or pollution prevention laws, RMI Maritime Regulations and/or Marine Notices is found, observed or brought to the attention of the RO.
 - .8 Discovery by the RO auditors that ship personnel or the Company management are not aware of or have not been instructed in the provisions of the ISM Code and the SMS as well as the importance of the DoC and SMCs.
 - .9 The total absence of a required SMS element or a group of nonconformities within an element.
- 10.2.2 Major nonconformities shall be handled in accordance with MSC/Circ.1059-MEPC/Circ.401.
- 10.2.3 Any major nonconformities found by the RO in the course of an audit shall be reported immediately in writing to the Company, the Master of the vessel involved and to the Administrator. Neither the DoC nor the SMC will be issued during the initial audit until all major nonconformities are corrected by the Company or downgraded to nonconformities by the RO.
- 10.2.4 The RO shall determine the nature and extent of major nonconformities found during intermediate, renewal or additional audits and recommend to the Administrator not to issue the DoC or SMC, or the issuance of a time specific Interim DoC or SMC to allow for the completion of corrective action, or withdrawal of an existing DoC or SMC.
- 10.3 Nonconformities Associated with Risk Assessment**
- 10.3.1 Company policy that does not address risk assessment shall be considered a major nonconformity which requires immediate corrective action and a preliminary corrective action plan.
- 10.3.2 Notwithstanding, the Administrator recognizes that Companies cannot be expected to present documented risk assessment as justification for all existing procedures in their SMS immediately after 1 July 2010. Thus, during the following (6) six months, until 1 January 2011, as a minimum, Companies must have taken risk assessment into consideration when reviewing the effectiveness of their SMS and be able to show evidence (via policies, procedures, guidance, training etc.) that they began to address the requirement for a risk assessment. A major nonconformity shall be raised if a Company cannot show such evidence.
- 10.3.3 An RO may raise a nonconformity, major nonconformity or observation depending on the severity of unaddressed risk and may require the Company to carry out a risk assessment of the particular identified hazard, with the aim to introduce appropriate safeguards or verify that existing safeguards are in place and effectively addressing the risk.

10.3.4 A major nonconformity for a risk assessment may be downgraded by the RO on receipt of an acceptable plan of action to address the deficiency.

11.0 Certificate Withdrawal and Invalidation

11.1 Withdrawing Authority

Certificates may only be withdrawn by the Administrator or by an RO when authorized to do so by the Administrator.

11.1.1 DoC Withdrawal

Upon the withdrawal of the DoC, the RO shall immediately notify the Company and the Administrator, when acting on its behalf. When the RO is authorized by the Administrator to withdraw the DoC, the RO shall give a letter to the Company stating that the DoC is withdrawn from the date of signature of the letter, and request that the DoC be surrendered. A copy of the letter shall be immediately sent by the most expedient means to the Administrator. The Company shall be required to immediately notify the appropriate ships that the DoC is invalid and proceed with the immediate withdrawal of the SMCs covered by the DoC.

11.1.2 SMC Withdrawal

When the RO is authorized by the Administrator to withdraw the SMC, the RO shall immediately notify the Company, give a letter to the Master of the ship stating that the SMC is withdrawn from the date of signature of the letter, and request that the SMC be surrendered. A copy of the letter shall be immediately sent by the most expedient means to the Administrator.

11.2 Reasons for Withdrawal

- .1 failure to conduct internal, periodic or intermediate verification audits;
- .2 the Company's failure to fully implement its SMS;
- .3 the Company's failure to maintain its SMS in substantial compliance with the requirements of the ISM Code;
- .4 the Company's failure to maintain its SMS in substantial compliance with the requirements of the ISPS Code;
- .5 nonconformities that remain uncorrected beyond their due date; and
- .6 the recommendation of the RO based upon objective evidence of the existence of a major nonconformity or an ineffective SMS.

11.3 Invalidation of SMCs

Withdrawal of the Company DoC invalidates the SMCs of all related vessels. Should the Administrator authorize the RO to withdraw the Company DoC, the SMCs of all related vessels shall also be withdrawn by the RO.

11.4 Issuance or Reinstatement of Certificates

Issuance or reinstatement of a DoC and/or SMCs, as the case may be, which have been withheld or withdrawn as the result of major nonconformities shall only occur after the RO confirms to the Administrator that there has been closure to the satisfaction of the RO on all outstanding nonconformities as verified by additional audit.

12.0 Appeals

In the event a Company disagrees with a determination made by the RO, the Company, through its designated person, after exhausting the RO appeals procedures, may make a direct appeal to the Administrator which shall then make a final determination based upon both the substance of the appeal and the recommendations of the RO.

APPENDIX I – REGULATIONS AND GUIDELINES TO BE TAKEN INTO ACCOUNT

The following is a list of publications that should be used as a reference when developing, implementing or auditing a SMS. This list is not all inclusive, but is intended to serve as a good starting point.

1. PRINCIPAL INTERNATIONAL SHIPPING CONVENTIONS AND CODES

International Convention for the Safety of Life at Sea, 1974, as amended, including the 1988 Protocol (SOLAS 74)

SOLAS lays down a comprehensive range of minimum standards for the safe construction of ships and for basic safety equipment (e.g. fire prevention, navigational, life saving and radio) to be carried on board. SOLAS also contains operational instructions, particularly on emergency procedures, and provides for regular surveys and for the issue of certificates of compliance.

The following IMO Codes, *inter alia*, are mandatory under SOLAS:

- International Safety Management (ISM) Code;
- International Ship and Port Facility Security (ISPS) Code;
- International Maritime Dangerous Goods (IMDG) Code;
- International Maritime Solid Bulk Cargoes (IMSBC) Code;²
- International Bulk Chemical (IBC) Code;
- International Gas Carrier (IGC) Code;
- Code for the Construction and Equipment of Mobile Offshore Drilling Units (MODU Code);
- Code of Safety for Special Purpose Ships (SPS Code);
- Code of Safe Practice for Cargo and Securing;³

International Convention for the Prevention of Pollution from Ships as modified by the Protocol of 1978 (MARPOL 73/78)

MARPOL contains measures to prevent pollution caused both accidentally and in the course of routine operations. Six annexes to the Convention cover, respectively, pollution by oil, noxious liquid substances in bulk, harmful substances carried in packaged forms, sewage, garbage and atmospheric pollution.

International Convention on Standards, Training, Certification and Watchkeeping for Seafarers, 1978 as amended (STCW 78)⁴

STCW establishes minimum standards of competence and qualifications for ships' officers and ratings and other personnel at sea, and requirements for certification by

2 The IMSBC Code supersedes the Code of Safe Practice for Solid Bulk Cargoes (BC Code). The IMSBC Code should become mandatory under SOLAS in 2011.

3 Only some requirements are mandatory.

4 IMO will adopt amendments to the STCW Convention in June 2010.

labor supply nations and flag States. It also sets out mandatory requirements for Company responsibilities and crew familiarization.

Convention on the International Regulations for Preventing Collisions at Sea, 1972, as amended (COLREG 72)

The COLREGS lay down the ‘rules of the road’, such as rights of way, safe speed, action to avoid collision, and procedures to observe in narrow channels and in restricted visibility.

International Convention on Load lines, 1966, including the 1988 Protocol (LL66)

The Load Line Convention sets the minimum permissible freeboard, according to the season of the year and the trading area of the ship; special ship construction standards are laid down with regard to water tightness.

International Convention for the Control and Management of Ships’ Ballast Water and Sediments, 2004, not yet in force (BWM 2004)

The BWM Convention includes technical standards and requirements for the control and management of ships’ ballast water and sediments, to prevent the import of alien marine organisms into local ecosystems.

International Convention for Safe Containers, 1972 (CSC)

The CSC Convention establishes structural safety requirements and tests for containers, and requirements for inspection and approval by Administrations.

ILO Merchant Shipping (Minimum Standards) Convention, 1976 including the 1996 Protocol ILO 147), until superseded by entry into force of the ILO Maritime Labour Convention, 2006 (MLC, 2006)

ILO 147 sets out minimum labor standards for international seafarers including work hours, health and safety, crew accommodation, and medical and catering standards. The MLC, 2006 which updates ILO 147 and other ILO maritime standards, introduces new inspection and certification requirements.

2. IMO GUIDELINES

- **MSC/Circ.443**, Measures to Prevent Unlawful Acts Against Passengers and Crews On Board Ships, 26 September 1986
- **MSC/Circ.762-MEPC/Circ.312**, Guidance to Companies Operating Multi-Flagged Fleets, 11 July 1996
- **MSC/Circ.1059-MEPC Circ. 401**, Procedures Concerning Observed ISM Code Major Non-Conformities, 16 December 2002
- **MSC-MEPC.7/Circ.5**, Guidelines for the Operational Implementation of the ISM Code by Companies, 19 October 2007

- **MSC-MEPC.7/Circ.6**, Guidance on the Qualifications, Training and Experience Necessary for Undertaking the Role of the Designated Person Under the Provision of the ISM Code, 19 October 2007
- **MSC-MEPC.7/Circ.7**, Guidelines on Near-Miss Reporting, 10 October 2008
- **MEPC.1/Circ.683**, Guidance for the Development of a Ship Energy Efficiency Management Plan , 17 August 2009
- **A.443(XI)**, Decision of the Shipmaster with regard to Maritime Safety and Marine Environment Protection, 15 November 1979
- **787(19)**, Procedures for Port State Control, 23 November 1995, as amended by IMO Resolution A.882(21), Amendments to Procedures for Port State Control, 25 November 1999
- **A.851(20)**, General Principles for Ship Reporting Systems and Ship Reporting Requirements, 27 November 1997

3. INDUSTRY GUIDELINES ON BEST PRACTICES

The following best practice guidelines and tools might, where relevant (and depending on ship type), be taken into account when developing and implementing the SMS:

- Assessment and Development of Safety Management Systems (ICS);
- Bridge Procedures Guide (ICS);
- Guide to Helicopter/Ship Operations (ICS);
- Guidelines for the Preparation of Garbage Management Plans (ICS);
- Guidelines on Good Employment Practice (ISF);
- International Safety Guide for Oil Tankers and Terminals (ICS/OCIMF/IAPH);
- ILO Maritime Labour Convention 2006: A Guide for the Shipping Industry (ISF);
- On Board Training Record Books for Deck Cadets (ISF);
- On Board Training Record Book for Engineer Cadets (ISF);
- On Board Training Record Book for Deck Ratings (ISF);
- On Board Training Record Book for Engine Ratings (ISF);
- Health, Safety and Environmental Case Guidelines for Mobile Offshore Drilling Units 2009 (IADC)
- Maritime Security: Guidance for the Ship Operator on the IMO International Ship and Port Facilities Security (ISPS) Code (ICS);
- Marlins English Language Test for Seafarers (ISF);
- Model Ship Security Plan (ICS);
- Peril at Sea and Salvage - A Guide for Masters (ICS/OCIMF);
- Personal Training and Service Record Book (ISF);
- Pirates and Armed Robbers - Guidelines on Prevention for Masters and Ship Security Officers (ICS/ISF);
- Prevention of Oil Spillages through Cargo Pumphoom Sea Valves (ICS/OCIMF)
- Tanker Safety Guide (Chemicals) (ICS);
- Tanker Safety Guide (Liquefied Gas) (ICS);
- The STCW Convention: Incorporating STCW Checklists (ISF);

- Safe Transport of Containers by Sea - Guidelines on Best Practices (ICS/World Shipping Council);
- Shipping and the Environment - A Code of Practice (ICS);
- Ship/Shore Safety Checklist for Bulk Carriers (ICS);
- Ship to Ship Transfer Guide (Liquefied Gases) (ICS/OCIMF/SIGTTO);
- Ship to Ship Transfer Guide (Petroleum) (ICS/OCIMF); and
- Watchkeeper (IMO/ILO work hour record program) (ISF)
- Guidance on the Use of Oily Water Separators

Many other useful publications, guidelines and circulars potentially relevant to the SMS are produced by:

- International Maritime Organization (IMO);
- International Labour Organization (ILO);
- Baltic and International Maritime Council (BIMCO);
- International Association of Drilling Contractors (IADC);
- Cruise Lines International Association (CLIA);
- International Association of Classification Societies (IACS), Procedural Requirements for ISM Code Certification;
- International Association of Ports and Harbors (IAPH);
- International Association of Dry Cargo Ship Operators (INTERCARGO);
- International Association of Independent Tanker Operators (INTERTANKO);
- Nautical Institute (NI);
- Oil Companies International Marine Forum (OCIMF), and
- Society of International Gas Tanker and Terminal Operators (SIGTTO).

National shipowners' associations, national maritime administrations, classification societies and P&I Clubs also produce many other important publications, and guidance notes, related to safety and environmental protection.

4. MARSHALL ISLANDS MARINE NOTICES AND MARINE GUIDELINES

In addition to the relevant provisions of RMI law (MI-107) and regulations (MI-108, MI-118, MI-293, MI-260), RMI Marine Notices (MN) and Marine Guidelines (MG) must be taken into account when developing an SMS. These documents include, but are not limited to:

- **MN-1-007-2**, Shipowner/Operator Representative
- **MN-2-011-16**, International Ship and Port Facility Security (ISPS) Code
- **MN-2-011-31**, Piracy, Armed Attacks, Hijacking, Terrorism: Reporting Incidents, Ships security Plans and Best Management Practices
- **MN-2-013-2**, International Convention for the Prevention of Pollution from Ships, 1973, as Modified by the Protocol of 1978(MARPOL 73/78) Recordkeeping and Reporting Requirements
- **MN-5-034-1**, Safety Inspections for Marshall Islands Ships
- **MN-5-034-3**, Operational Safety Checklist for SOLAS 74/78 Requirements
- **MN-6-037-1**, Casualty, Incident and Accident Investigations

- **MN-7-038-2**, Minimum Safe Manning Requirements for Vessels
- **MN-7-038-4**, Principles of Watchkeeping
- **MG-7-47-1**, Guidance on Medical Exams and Certificates for Seafarers
- **MN-7-042-1**, Medical Care on Board Ship and Ashore: Medical Chest, Recordkeeping and Responsibilities and Training for Medical Care
- **MN-7-047-1**, Seafarer Certification, Training and Watchkeeping
- **MN-7-049-1**, Hazardous Work and Consideration of Health and Safety Issues for Seafarers Under the Age of 18
- **MN-7-051-2**, Minimum Hours of Rest

5. ISO 31000:2009 – RISK MANAGEMENT

The International Organization for Standardization (ISO) published ISO 31000 on 13 November 2009 to provide a standard on the implementation of risk management. The purpose of ISO 31000 is to be applicable and adaptable for "any public, private or community enterprise, association, group or individual." Accordingly, the general scope of ISO 31000 - as a family of risk management standards - is not developed for a particular industry group, management system or subject matter field in mind, rather to provide best practice structure and guidance to all operations concerned with risk management.

ISO 31000 provides generic guidelines for the design, implementation and maintenance of risk management processes throughout an organization. This approach to formalizing risk management practices facilitates broader adoption by Companies who require an enterprise risk management standard that accommodates multiple 'silo-centric' management systems.

The scope of this approach to risk management is to enable all strategic, management and operational tasks of an organization throughout projects, functions, and processes to be aligned to a common set of risk management objectives. Accordingly, ISO 31000:2009 is intended for a broad stakeholder group including:

- executive level stakeholders;
- appointment holders in the enterprise risk management group;
- risk analysts and management officers;
- line managers and project managers; and
- compliance and internal auditors;

ISO 31000:2009 addresses the entire management system that supports the design, implementation, maintenance and improvement of risk management processes.



APPENDIX II – MI-297A & MI-297B, DECLARATIONS

REPUBLIC OF THE MARSHALL ISLANDS OFFICE OF THE MARITIME ADMINISTRATOR

Send To: 11495 Commerce Park Drive Reston, Virginia 20191-1506, USA Tel: +1-703-620-4880 Fax: +1-703-476-8522

INTERNATIONAL SAFETY MANAGEMENT (ISM) CODE DECLARATION OF COMPANY

Under the ISM Code, a Company must be declared to the Administrator. In accordance with Section 1.1.2 of IMO Resolution A.741(18), the ISM code, "Company" means the Owner of a vessel or any other organization or person such as the Manager, or the Bareboat Charter, who has assumed the responsibility for operation of the vessel from the Shipowner and who on assuming such responsibility has agreed to take over all the duties and responsibility imposed by the Code. The undersigned affirms that:

(name) (address) (telephone) (facsimile) (email) (IMO registered owner number)

is the Registered Owner of record of the following Marshall Islands registered vessel(s): *

Table with 3 columns: Vessel Name, Official Number, IMO Number. Includes three rows of blank lines for data entry.

In accordance with Section 3.1 of Assembly Resolution 741(18), if the entity who is responsible for the operation of the vessel is other than the above stated Owner, the Owner must report the full name and details of such entity to the Maritime Administrator. If such is the case here, the undersigned affirms that:

(name) (address) (telephone) (facsimile) (email) (IMO ISM Code Company number)

is the Company responsible for all the requirements imposed by the Code for the Marshall Islands registered vessel(s) listed above.

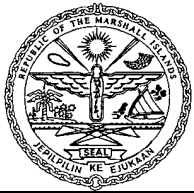
The undersigned affirms that has been appointed the Recognized Organization (RO) for the purpose of the issuance of a Document of Compliance.

The undersigned further understands that any change in Company or RO must be made in writing by facsimile or otherwise to the Maritime Administrator. Any change will be acknowledged within 24 hours after being received by the Maritime Administrator.

Signature, Title of Senior Management of Company

Date

* Additional sheets may be attached if needed



**REPUBLIC OF
THE MARSHALL ISLANDS
OFFICE OF THE MARITIME ADMINISTRATOR**

Send To:
11495 Commerce Park Drive
Reston, Virginia 20191-1506, USA
Tel: +1-703-620-4880
Fax: +1-703-476-8522

**INTERNATIONAL SAFETY MANAGEMENT (ISM) CODE
DECLARATION OF DESIGNATED PERSON ASHORE**

To ensure the safe operation of each vessel and to provide a link between the Company and those on board, every Company shall designate a person or persons ashore (DPA(s)) having direct access to the highest level of management. The responsibility and authority of the DPA(s) shall include monitoring the safety and pollution prevention aspects of the operation of each vessel and to ensure that adequate resources and shore based support are applied, as required.

The undersigned affirms that (1) _____
(name of DPA)

and (2) _____, as alternate, has(ve) been
(name of alternate DPA)

assigned pursuant to Marshall Islands Maritime Regulation 1.07.4 and IMO Resolution A.741(18), Section 4, of the ISM Code, as the DPA(s) for the following Marshall Islands registered vessel(s): *

Vessel Name:	Official Number:	IMO Number:	RO for SMC:
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

and undertaken that the said DPA(s) will be available to the Maritime Administrator at any time, as follows:

Full address of the DPA(s) to which official correspondence and materials may be sent:

(Company name) _____
 (address) _____
 (daytime telephone number) _____ (mobile phone) _____
 (facsimile number) _____ (nighttime telephone number) _____
 (email address, if any) _____ (pager number, if any) _____
 (email address / phone of alternate DPA, if applicable) _____ / _____

The undersigned individuals further understand that any change in DPA(s) or RO(s) must be made in writing by facsimile or otherwise. Any change will be acknowledged within 24 hours after being received by the Maritime Administrator.

Signature, Title of Designated Person Ashore Date

Signature, Title of Senior Management of Company Date

* Additional sheets may be attached if needed

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