

Palau International Ship Registry



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MARINE NOTICE 120.1

To: SHIPOWNERS, MANAGERS, MASTERS, REGISTRATION OFFICERS AND RECOGNIZED ORGANIZATIONS

Subject: INTERNATIONAL SAFETY MANAGEMENT CODE (ISM CODE)

1. Purpose

1.1 This Marine Notice provides the Palau Ship Registry Administrator requirements for compliance with the ISM Code. This Marine Notice details the Palau Ship Registry Administrator's policies and interpretations on the application, implementation and enforcement of the ISM Code for Companies and vessels seeking ISM Code Certification.

2. Applicability

2.1 This Marine Notice is applicable to all vessels registered to which the ISM Code applies without exemption.

3. Background – The ISM Code

3.1 The ISM Code was adopted 12 December 2002 at a Diplomatic Conference held at the International Maritime Organization (IMO) On December 2002. The ISM Code and the SOLAS amendments also adopted during mentioned conference, are a series of International Maritime security measures that have a significant impact on the operation of ship owning companies, ships, their operators, and the port facilities they call on.

4. Compliance

4.1 Compliance with the ISM Code is closely monitored and enforced by the Palau Ship Registry 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 confirmed to be in compliance.

4.2 Companies should implement the ISM Code 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 up to 12 months.



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- 4.3 The Palau Ship Registry Administrator is responsible for the effective enforcement of the provisions of the ISM Code and adheres to the Guidelines contained in IMO Resolution A. 1022(26).
- 4.4 The Palau Ship Registry 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 Republic of Palau. List of these Classification Societies can be provided upon request.
- 4.5 The Palau Ship Registry Administrator retains the right to conduct audits, assessments and inspections in order to verify proper implementation, application, and enforcement of the provisions of the ISM Code. Such audits, assessments and inspections will be carried out by duly appointed Flag State Inspectors.

5. Requirements for an SMS by ISM Code

- 5.1 Every Company must develop, implement, and maintain a Safety Management System (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.
- 5.2 The Palau Ship Registry 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 the ship.
- 5.3 The Palau Ship Registry Administrator requires full compliance with International 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".



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6. Safety, Security and Environmental Protection Policy

- 6.1 Company Management must establish a Safety, Security and Environmental Protection Policy that:
 - a. includes a commitment to meet the obligations of the Company under the provisions of the ISM Code;
 - b. provides Guidelines for the establishment of measurable Safety Management System (SMS) objectives;
 - c. commits to remain alert for ways to improve as changes occur in Regulations and in the industry; and
 - d. is communicated throughout the Company's organization, its associates and to its shipboard personnel;
- 6.2 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 SMS objectives of the ISM Code.

7. Company Responsibility and Authority.

- 7.1 The owner of each vessel must provide the Palau Ship Registry Administrator, with the name, address, telephone and facsimile numbers and email address of the Company responsible for the operation of the vessel.
- 7.2 If the organization or person responsible for the operation of a ship is other than the owner, the owner must provide The Palau Ship Registry Administrator with the full name of such entity and submit details, in order to establish as "the Company".

8. Designated Person

- 8.1 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 shore side 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.



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- 8.2 Company must provide The Palau Ship Registry Administrator with the full name of the designated person and information to enable direct and immediate contact at all times between The Palau Ship Registry Administrator and the designated person with regard to matters relating to maritime safety, security and protection of the marine environment. The Palau Ship Registry Administrator highly recommends that the Company also select an alternate designed person or persons to reduce the potential for single point failure.

9. Master Responsibility and Authority

- 9.1 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.
- 9.2 The Company shall provide the Master with documentation providing the specific duties delegated to the officers under the Master's command.
- 9.3 The Master shall periodically review the SMS as part of the shipboard Internal Audit process and report any deficiencies to shore based management.

10. Resources and Personnel

- 10.1 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.1047(27) Principles of Minimum Safe Manning and Palau minimum manning requirements. These human resource needs shall be continuously assessed.
- 10.2 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 the Republic of Palau Maritime Regulations, to ensure the use of competent qualified personnel.
- 10.3 Compliance with the hours of rest standard, as adopted by The Palau Ship Registry Administrator is required and shall be monitored as part of the SMS. The Palau Ship Registry Administrator shall consider manning levels to be inadequate if crew members are unable to adhere to the above rest hour standard.



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- 10.4 The Company SMS shall ensure that joining crew members have proper Republic of Palau seafarers' Certification including Licenses, special qualification Certificates, seafarer's identification and record books and training as required by International Conventions and related Codes, the Republic of Palau Title 7 of the National Code, the Republic of Palau Maritime Regulations and the specifics of the publication of Marine Notices as published and amended.
- 10.5 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 Regulation A-I/6 of the STCW Code and on-board documentation retention.
- 10.6 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
- 10.7 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.

11. Development of Plans for Shipboard Operations

- 11.1 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.
- 11.2 The ship's operations plans shall require that watch systems are arranged so 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 fit for duty.
- 11.3 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, 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.



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12. Emergency Preparedness

- 12.1 The Company SMS must contain emergency preparedness plans which should be developed, implemented, periodically reviewed and updated.
- 12.2 The Company SMS must consider measures to enhance the safety and security of the ship through the implementation of a Ship Security Plan, as described in MSC/Circ.443 and related IMO Circulars.
- 12.3 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.
- 12.4 MOUs 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.

13. Reports and Analysis of Nonconformities, Accidents and Hazardous Occurrences

- 13.1 The Company and shipboard SMS shall contain procedures for immediately reporting to The Palau Ship Registry Administrator oil spills and any incidents that involve other harmful substances under MARPOL 73/78.
- 13.2 The Company and shipboard SMS shall contain procedures for immediately reporting to The Palau Ship Registry Administrator any intentional illegal discharge of waste with a request for an investigation.
- 13.3 The Company and shipboard SMS shall contain procedures for immediately notifying The Palau Ship Registry Administrator of port or coastal State action in response to the contravention of or non-compliance with international convention or Code requirements
- 13.4 The Company SMS shall incorporate the provisions on accident prevention and appointment of a safety officer or committee.



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14. Maintenance of the Ship and Equipment

- 14.1 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 surveys and to ensure that the vessel's condition is satisfactorily maintained at all times.
- 14.2 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 Palau Ship Registry Administrator and the designated RO of the Corrective Actions taken, including measures to prevent recurrence.

15. Documentation

- 15.1 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.
- 15.2 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 Palau Ship Registry Administrator and Port State Control Authorities.

16. Company Verification, Review and Evaluation

- 16.1 The Company must conduct Internal Audits shore side 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.
- 16.2 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:
 - a. an evaluation as to the suitability of safety, security and environment protection policy in achieving the objectives of the ISM Code, including



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- both the prevention of pollution accidents and incidents of deliberate pollution;
- b. a review of safety, security and environment protection system Objectives and Targets;
 - c. a review of and follow-up on findings from Internal and External Audits;
 - d. consideration of possible changes made necessary by Legislation or Regulation;
 - e. consideration of changes within the Company (e.g., fleet changes, trade and market strategies, social or environmental attitudes);
 - f. an examination of Training needs;
 - g. lessons learned from Accidents, Hazardous Occurrences and Nonconformities;
 - h. a review of Procedures and other Instructions;
 - i. the results of surveys, Company inspections, and Flag State and Port State inspections;
 - j. feedback from Masters, employees and other relevant stakeholders; and
 - k. findings following emergency drills and exercises.

17. Verification of Compliance and Issuance of ISM Code Documents

- 17.1 After developing and implementing the SMS, the Company must contact The Palau Ship Registry Administrator or an approved RO to arrange for an Initial verification Audit and Certification of the Company and its vessels.
- 17.2 Document Review: The Palau Ship Registry Administrator or 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 Palau Ship Registry Administrator or 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 .3 below.
- 17.3 Company initial audit: The RO or the Flag State Inspector 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.



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- 17.4 If the Company already has a valid full-term DOC issued by another Organization recognized by The Palau Ship Registry Administrator, that DOC shall be accepted as evidence of compliance with the ISM Code, unless there is objective evidence indicating otherwise.
- 17.5 The Company is responsible for scheduling with The Palau Ship Registry Administrator or 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.
- 17.6 The Palau Ship Registry Administrator or 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 Palau Ship Registry Administrator.
- 17.7 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.

18. Non conformities

- 18.1 Nonconformities are those deviations from the requirements of the ISM Code 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 or Flag State Inspector, 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.



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- 18.2 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.
- 18.3 Corrective action for Nonconformities shall be completed within a time period agreed to between The Palau Ship Registry Administrator and/or the RO and the Company, which shall not exceed three (3) months from the date of issuance of a Nonconformity notice. There should be evidence 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.
- 18.4 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.
- 18.5 Major Nonconformities shall be handled in accordance with MSC/Circ.1059-MEPC/Circ.401.
- 18.6 Any Major Nonconformities found by The Palau Ship Registry Administrator or 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 Palau Ship Registry 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.
- 18.7 The Flag State Inspector or RO shall determine the nature and extent of Major Nonconformities found during Intermediate, Renewal or Additional Audits and recommend to The Palau Ship Registry 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.
- 18.8 A Major Nonconformity for a Risk Assessment may be downgraded by the Inspector on receipt of an acceptable plan of action to address the Deficiency.



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19. Certificate Withdrawal and Invalidation

- 19.1 Certificates may only be withdrawn by the Palau Ship Registry Administrator or by a RO, when authorized to do so, by the Palau Ship Registry Administrator.
- 19.2 DOC Withdrawal: Upon the withdrawal of the DOC, the Flag State Inspector shall immediately notify the Company and Palau Ship Registry Administrator, when acting on its behalf. When the RO is Authorized by the Palau Ship Registry 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 Palau Ship Registry 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.
- 19.3 SMC Withdrawal: When the RO is authorized by the Palau Ship Registry 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 Palau Ship Registry Administrator.
- 19.4 Withdrawal of the Company DOC invalidates the SMCs of all related vessels. Should the Palau Ship Registry Administrator Authorize the RO to withdraw the Company DOC, the SMCs of all related vessels shall also be withdrawn by the RO.
- 19.5 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 Palau Ship Registry Administrator that there has been closure to the satisfaction of the RO on all outstanding Nonconformities as verified by Additional Audit.
- 19.6 If 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 Palau Ship Registry Administrator which shall then make a final determination based upon both the substance of the appeal and the Recommendations of the RO.



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20. Contact

20.1 Any further information requests and inquiries concerning the subject for this Marine Notice should be directed to the Head Office of the Palau Ship Registry Administrator technical@palaureg.com

****This Marine Notice supersedes Marine Notice 12-003**

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