

**Safety Management System**  
**Handbook for ISM Audits**

**(Applicable to Non-Japanese Flag Ships)**

**(Reference for Ship Management Companies)**

**ClassNK**

**NIPPON KAIJI KYOKAI**

Ship Management Systems Department

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17<sup>th</sup> Edition

### Record of Revisions

Date	Edition	Major points of Revision
1 Oct 2016	15 <sup>th</sup>	<ul style="list-style-type: none"> <li>- Handling procedures for Major non-conformities are revised.</li> <li>- Submission of Outline of the Company and a brief description of its business activities are stipulated and latest information is incorporated.</li> </ul>
Sep 2019	16 <sup>th</sup> (HP.)	<ul style="list-style-type: none"> <li>- In accordance with revision of IACS PR 9, kind of Audit was changed at timing of change of ship's flag.</li> <li>- Revised the issuance of full term certificate in Branch/Overseas offices.</li> <li>- The procedure for CAP was revised.</li> </ul>
Feb 2022	17 <sup>th</sup> (HP.)	<ul style="list-style-type: none"> <li>-Revised description due to introduction of electronic audit records.</li> </ul>

**Note:** HP means this edition appears only on the Web Site. (No booklet issued.)

**The Society's Home Page** ([www.classnk.or.jp](http://www.classnk.or.jp))

**HOME→Products & Services→Statutory Services→Safety Management Systems (ISM)**

#### **Regarding the jurisdiction of each Branch or Office of the Society**

Please refer to the "DIRECTORY" which is published by the Society. Note: an updated version of the same is available on the Society's web site.

**HOME→See and Learn→Directory**

For any questions about this "Handbook" please do not hesitate to contact the Ship Management Systems Department of the Society (ClassNK) Head Office, Information Center.

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## Handbook for ISM Audits (176th Edition)

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## Abbreviations

- IACS:** International Association of Classification Societies  
Members (12) are ABS, BV, CCS, CRS, DNV-GL, IRS, KR, LR, NK, PRS, RINA and RS.
- IMO:** International Maritime Organization  
Inter-Governmental Organization under the United Nations, concerning maritime activities
- ISM Code:** International Safety Management (ISM) Code  
The full name is "International Management Code for the Safe Operation of Ships and for Pollution Prevention", it was adopted as IMO Resolution A.741 (18) on the 4th of November 1993 and it has become a mandatory code under SOLAS Chapter IX. The same was revised on 21<sup>st</sup> June 2013 finally and the latest ISM Code came into force on the 1st of January 2015. (IMO Resolution MSC.353 (92))
- Offices:** Branches and / or Offices of ClassNK
- DOC:** Document of Compliance  
A certificate issued to a Company under the authority of the Government of a Flag State
- SMC:** Safety Management Certificate  
A certificate issued to a Ship under the authority of the Government of the Flag State
- SMS:** Safety Management System  
A structured and documented system enabling Company personnel to implement effectively the Company safety environmental protection policy
- SOLAS:** International Convention for the Safety of Life at Sea
- TCMS:** Transfer of Certification of Management Systems

## Definitions of Specific words & Abbreviations

### Major Non-conformity:

An identifiable deviation which poses a serious threat to personnel or ship safety or a serious risk to the environment and requires immediate corrective action; in addition, the lack of effective and systematic implementation of a requirement of the ISM code is also considered a major non-conformity. (Hereinafter referred to as MNC)

Non-conformity which remains after downgrading a MNC: (Hereinafter referred to as DNC)

### Non-conformity:

An observed situation where objective evidence indicates the non-fulfillment of a specific requirement. Namely, when objective evidence, which substantiates the non-fulfillment of a specific requirement of the Company's SMS, the ISM Code, or Rules and Regulations are found, the matter shall be judged as a Non-conformity. (Hereinafter referred to as NC)

### Observation:

A statement of fact made during a safety management Audit and substantiated by objective evidence referring to ISM Code. It may also be a statement made by the Auditor referring to a weakness or potential deficiency in the SMS which, if not corrected, may lead to a non-conformity in the future. (Hereinafter referred to as OBS)

### Anniversary date:

The day and month of each year that corresponds to the date of expiry of the DOC or SMC.

## **Introduction**

Having been motivated by a number of major marine casualties experienced during the 1980s and thereafter, the ISM Code was drawn up by the IMO recognizing that systematically organized and documented shipping practices integrating shore-based management and ships are indispensable for the safe operation of ships and for protection of marine environment. The ISM Code was adopted as IMO Resolution A.741 (18) on 4th November, 1993 and it became a mandatory code, from 1st July 1998 for some ship types and as from 1st July 2002 for all ship types, as per SOLAS Chapter IX.

Any ship management company must structure a SMS, which meets the requirements of the ISM Code and it should be documented, implemented and maintained. The company should then obtain a DOC for the main office and SMC(s) for their Ship(s), upon satisfactory completion of Audits conducted by the Flag Administration, otherwise the Company is not legally able to engage in any International Shipping business.

ClassNK is authorized to conduct such Audits and issue ISM Code Certificates on behalf of the Flag State Administrations of more than 80 Governments, at present (as of February 2022).

ClassNK conducts the ISM Code Audits and issues the Certificates in accordance with the Rules established by ClassNK (see Note below) and the Procedural Requirements No.10 (PR.10) of IACS, which are based on the "Revised ISM Code\*" and the IMO Resolution A.1118(30) "Guidelines on the Implementation of the International Safety Management (ISM) Code by Administrations\*". And ClassNK shall enter data of the Companies and the Ships in the "Register of Company and Ship for Safety Management Systems" of ClassNK and publish it.

- \*: The parts concerning "Certification and Verification" of the former "Guidelines" (Res. A.788(19)) were integrated into the "Revised ISM Code", and the "Forms of Certificates" and the "Validity of Certificates" issued after Renewal Audit have been specified clearly. The remaining parts of the former "Guidelines" have been rearranged three times as a new "Guidelines" (Res. A. 1118(30)).

Note: Rules and Guidance for the Audit and Registration of Safety Management Systems  
(Available on "Rules & Guidance" of the ClassNK Home Page)

ClassNK have been promoting our services to digitization, and from 30 January 2022, the reports after completion of ISM audit would be issued electronically and send to the management company.

## 1. Ship Type and Application of the ISM Code

The date of mandatory application of the ISM Code for each ship type is specified in Regulation 2, Chapter IX of the SOLAS Convention.

### (1) Ship Types for which the ISM Code came into force on 1st July 1998

**Passenger ships**

**Passenger high-speed craft**

**Cargo high-speed craft of 500 gross tonnage and over**

**Bulk carriers of 500 gross tonnage and over**

**Oil tankers of 500 gross tonnage and over**

**Chemical tankers of 500 gross tonnage and over**

**Gas carriers of 500 gross tonnage and over**

### (2) Ship Types for which the ISM Code came into force on 1st July 2002

**Mobile offshore drilling units of 500 gross tonnage and over**

**Other cargo ships of 500 gross tonnage and over**

**(Cargo ships other than those specified in (1) above)**

## Reference only:

SOLAS Convention regulations on its application are as follows; (Annex to the Convention)

- Regulations apply only to ships engaged on international voyages. (Reg.1(a), Chapter I)
- A passenger ship is a ship which carries more than twelve passengers. (Reg.2(f), Chapter I)
- A cargo ship is any ship which is not a passenger ship. (Reg.2(g), Chapter I)
- Regulations do not apply to cargo ships of less than 500 gross tonnage. (Reg.3(a), Chapter I)

### (3) Definitions of Bulk Carrier

The ship types in terms of the ISM Code are to be those defined in SOLAS Chapter IX therefore some of "Bulk carriers" defined in SOLAS Chapter XII may be "Other cargo ship" in terms of the ISM Code.

"Bulk carriers" in terms of the ISM Code shall be confirmed according to the definition of Bulk carriers specified in SOLAS IX/1.6, i.e. ships constructed with single deck, top-side tanks and hopper side tanks in cargo spaces and intended primarily to carry dry cargo in bulk; or ore carrier; or combination carrier. In general, ships assigned "ESP" within the Class Notation are "Bulk carrier" in terms of the ISM Code otherwise "Other cargo ship" in terms of the ISM Code.

However, it is to be confirmed whether or not the instruction from a flag state on the application of the Resolution MSC.277 (85) "Clarification of the term "Bulk Carrier" and guidance for application of regulations in SOLAS to ships which occasionally carry dry cargoes in bulk" has been adopted on case by case basis. Further, some "Other cargo ship" is assigned with "ESP" at the owner's option.

## 2. Certificates

### 2.1. Certificates issued to a Company

Certificates, which may be issued to a Company, are as follows;

(1) Interim DOC:

An interim DOC issued to a Company which has no practical operational experience of its SMS.

(2) DOC:

A full-term Certificate issued under the authority of the Flag Administration.

(3) Short-term DOC:

A short-term Certificate issued to cover the period until a full-term DOC is issued.  
(When the Flag Administration issues a full-term DOC)

#### 2.1.1. Interim DOC

An Interim DOC may be issued in the following cases.

(1) In the case of a newly established Company

(2) In the case of Addition of a Ship Type(s)

In case a Company, who is in possession of a DOC issued by ClassNK, applies its SMS to new ship type(s) which are not stated on the existing DOC.

Interim DOC shall be issued by an *Office* of ClassNK. The period of validity of the Interim DOC shall be twelve months.

The Company shall undergo an Initial Audit in case of a **newly established Company** or shall undergo an Additional Audit in case of **Addition of Ship Type**, to obtain a DOC within the validity of the Interim DOC.

**Note:** In the case of a newly established Company, further Document Review for the Manual and Procedures should be conducted prior to the Audit on site. In this regard, the Application for the Initial Audit should be forwarded one month before the intended date.

#### 2.1.2. DOC

DOC(s) shall be issued to a Company by the Flag Administration or the *Office* of ClassNK under the authority of the Flag Administration, upon successful completion of an Initial Audit. At the Audit, the SMS of the company and at least one ship of each ship type covered by the SMS should have been in operation for at least three months. And also, the internal Audits for them should have been carried out. Then, when a Company manages a plural flag fleet, a plural number of DOCs shall be issued.

The period of validity of a DOC, issued after Initial Audit, shall be five years from the last date of the Audit subject to Annual Audit carried out yearly. As for Renewal Audit, when the same is completed within three months before the expiry date of an existing DOC, the period of validity of the new DOC shall be five years from the expiry date of the existing DOC. When the Renewal Audit is completed more than three months before the expiry of an existing DOC, the new DOC shall be valid from the date of completion of the Renewal Audit for a period of five years.

DOCs shall be endorsed upon the successful completion of an Annual Audit.

The original of DOCs shall be kept at the Company and a copy of the DOC with endorsement for the Annual Audit shall be placed on board of each ship covered by the SMS.

#### 2.1.3. Short term DOC

When the Flag Administration issues a full-term DOC, a short-term DOC(s) valid for five months shall be issued to a Company on the last date of Audit by the *Office* of ClassNK as a proof of satisfactory completion of the Initial Audit or Renewal Audit.



## 2.2. Certificates issued to a Ship

Certificate, which may be issued to a ship, is as follows;

- (1) Interim SMC:  
An interim SMC is issued to a ship which has no practical operational experience of the SMS.
- (2) SMC:  
A full-term Certificate issued under the authority of a Flag State Government.
- (3) Short-term SMC:  
A short-term Certificate issued to cover the period until a full-term SMC is issued. (When the Flag Administration issues a full-term SMC)

### 2.2.1. Interim SMC

An Interim SMC may be issued in the following cases;

- (1) a newly built ship;
- (2) a ship for which the management Company has changed;
- (3) a ship to which SOLAS IX applies as mandatory requirements due to conversion, change of navigation area, etc; or
- (4) a ship for which the flag has been changed.

The period of validity of an Interim SMC shall be six months. In special cases the validity of an Interim SMC may be extended for a further six months maximum, provided the Flag permission to do so.

The ship shall undergo Initial Audit to obtain a SMC within the validity of the Interim SMC.

### 2.2.2. SMC

A SMC shall be issued to a ship, which is managed by a Company who is in possession of DOC (not Interim DOC), by the Flag Administration or the *Office* of ClassNK under the authority of the Flag Administration upon successful completion of an Initial Audit. At the Audit, the Company's SMS should have been in operation for at least three months in the shipboard. And also, the Internal Audits should have been carried out.

The period of validity of a SMC, issued after Initial Audit, shall be five years from the last date of the Audit, subject to an Intermediate Audit carried out between the second and third anniversary date. As for Renewal Audit, when the same is completed within three months before the expiry date of the existing SMC, the period of validity of the new SMC shall be five years from the expiry date of the existing SMC.

When the Renewal Audit is completed more than three months before the expiry date of existing SMC, the new SMC shall be valid from the date of completion of Renewal Audit for a period of five years. A SMC shall be endorsed upon the successful completion of an Intermediate Audit.

The original of the SMC shall be placed on board and a copy of the SMC shall be kept by the Company.

### 2.2.3. Short term SMC

When the Flag Administration issues a full-term SMC, a Short-term SMC valid for five months shall be issued to a ship on the last date of the Audit by the *Office* of ClassNK as a proof of satisfactory completion of an Initial Audit or a Renewal Audit.

## 2.3. Other Certificates

An NKSMC shall be issued for a ship that flies the flag of a State who has not authorized ClassNK for ISM Certification, or the flag of a State who is not a Contracting Government of the SOLAS Convention, by the *Office* of ClassNK, or ship(s) who is not applied provision SOLAS Convention. An NKDOC shall be issued for the Company which manages the ship(s).

## 2.4. Extension, Revising an Entry, Invalidation and Returning of Certificates

### 2.4.1. Extension of Certificates

The validity of Interim SMC is allowed to be extended for a further six months maximum, provided the flag permission to do so, in special cases.

If a ship at the time when a SMC expires is not in a port in which it is to be verified, the period of validity of the SMC may be extended for no longer than three months with the Flag permission.

### 2.4.2. Revising an Entry on a Certificate

When the particulars, such as ship's name, mentioned in the SMC are changed, an Additional Audit to rewrite the SMC is required. Also please be advised that in case of a change of Company's name and/or Address, an Additional Audit to rewrite the DOC is required. Further, a rewrite of SMC which has been issued by ClassNK is required.

### 2.4.3. Invalidation of a DOC

A DOC shall become invalid when;

- (1) a Company has not undergone an Annual Audit within the designated period of time;
- (2) there is evidence of an unresolved MNC;
- (3) corrective actions for NCs are not completed within the agreed schedule;
- (4) amendments to the ISM Code are not taken into account by the Company;
- (5) when Audit fees and expenses have not been paid by the Company.

### 2.4.4. Invalidation of a SMC

A SMC shall become invalid when;

- (1) a Company has not undergone an Intermediate Audit of that ship within the designated period of time;
- (2) there is evidence of an unresolved MNC;
- (3) corrective actions plan (CAP) for NCs are not submitted or completed within the agreed schedule;
- (4) amendments to the ISM Code are not taken into account by the Company;
- (5) the DOC of the Company is invalidated;
- (6) a ship is not provided with the trading certificates necessary for her operation;
- (7) a ship is not maintaining the classification of ClassNK or other Society acknowledged by ClassNK;
- (8) when Audit fees and expenses have not been paid by the Company.

### 2.4.5. Returning of Certificates

A Company is requested to return a Certificate when;

- (1) a new Certificate has been issued due to Renewal, revised entry and so on;
- (2) a certificate has become invalid or has expired ;
- (3) a Company has terminated the management of ship(s) due to sale or scrap of the ship(s)

## 3. Audit

### 3.1. Purposes of Audit

Purposes of Audits are to verify compliance of with the requirements of the ISM Code and, through the verification, to support and encourage Companies in achieving safety management objectives, which are:

- (1) to provide for safe practices in ship operation and a safe working environment;
- (2) to establish safeguards against all identified risks based on the assessment; and
- (3) to continuously improve the safety-management skills of personnel ashore and aboard.

### 3.2. Type of Company Audit and its Timing

Company Audits consists of following;

- (1) **Audit for issuing Interim DOC:**  
Shall be conducted for a newly established Company or addition of ship type
- (2) **Initial Audit:**  
Shall be conducted to issue a DOC for a Company for the first time.
- (3) **Annual Audit:**  
Shall be conducted every year between three months before and after each anniversary date.
- (4) **Renewal Audit:**  
Shall be conducted within three months\*<sup>1</sup> before the expiry date of the existing DOC.
- (5) **Additional Audit:**  
Shall be conducted to verify effective actions are taken for MNC as necessary (Refer to 6.2), and whenever needed. (Refer to 4.5)

\*<sup>1</sup>: Regarding a Renewal Audit completed more than three months before the expiry date of existing DOC, please refer to 2.1.1.

### 3.3. Type of Shipboard Audit and its Timing

Shipboard Audits consists of following;

- (1) **Audit for issuing an Interim SMC:**  
Shall be conducted to issue an Interim SMC for a ship which has not operated or for a ship which the flag has been changed
- (2) **Initial Audit:**  
Shall be conducted to issue a SMC for a Ship for the first time
- (3) **Intermediate Audit:**  
Shall be conducted between the second and third anniversary date (within twelve months)
- (4) **Renewal Audit:**  
Shall be conducted within three months\*<sup>1</sup> before the expiry date of the existing SMC
- (5) **Additional Audit:**  
Shall be conducted to verify effective actions are taken for MNC as necessary (Refer to 6.2), and whenever needed. (Refer to 5.3)

\*<sup>1</sup>: Regarding a Renewal Audit completed more than three months before the expiry date of existing SMC, please refer to 2.2.1.

### 3.4. Application for Audit

#### 3.4.1. Application for Company Audit

The Company is requested to apply through e-Application, Web Service Portal on our website, or submit the application for company audit (From-APPLI-C).

Please refer to e-Application on our web site.

An Application Form for Company Audit of SMS (Form APPLI-C) available from "Download" of the Society's Home Page

The Company is requested to submit the Application for Company Audit to an *Office* of ClassNK having jurisdiction over the area of the Company, attaching the following documents. ~~You can~~ Any Application for new entry, i.e. Issuing Interim DOC for newly established company or Transfer of DOC from another IACS Society, is to be assessed at Head Office. Therefore the Company is kindly advised to contact NK as soon as possible before making such an application.

**Documents to be attached to the Application for Company Audit**

(1) Audit for issuing Interim DOC

**(1-i) In case of a newly established Company**

The following documents as an electronic format shall be attached to the application for audit.

- (i) Safety Management Manual (SMS Manual);
- (ii) Procedures related to SMS (including forms and checklist);
- (iii) List\*<sup>3</sup> of Ship(s) of each ship type\*<sup>2</sup> covered by the SMS;
- (iv) Outline of the Company and its business activities\*<sup>4</sup>;
- (v) SMS Implementation Plan\*<sup>5</sup>

\*<sup>1</sup>: Ship Type shall be in accordance with **“1. Ship Type and Application of the ISM Code”**

\*<sup>2</sup>: List of Ship(s) shall include “Name of Ship”, “Name of Class Society”, “Class No.”, “Year Built”, “Flag”, “IMO No.” and “Gross tonnage”. In case of “Other Cargo Ship”, “purpose” shall be added in the List.

\*<sup>3</sup>: The outline of the Company is to contain a description of such items as the profile of the Company, organization, location of all offices, and number of employees (shore-based persons and seafarers) of the Company, along with a description of the types, flag state(s) and number of ships under management of the Company. Brief descriptions of the business activities of the Company may include, at a minimum, a summary of the principal cargoes and trade routes of the ships under its control and may be presented in the outline of the Company.

\*<sup>4</sup>: A “SMS Implementation Plan” shall include following items.

- (i) Delivery date of SMS documents (ashore and ship)
- (ii) Implementation date of SMS (ashore and ship)
- (iii) Scheduled date of Internal Audit (ashore and ship)
- (iv) Scheduled date of Initial Audit by ClassNK (ashore and ship)

**(1-ii) In case of Addition of Ship Type(s) to DOC issued by ClassNK**

When a Company, who is in possession of DOC issued by ClassNK, applies its SMS to a new ship type(s) not listed on the existing DOC, the Company is requested to submit “the revised parts for the ship’s type of SMS Manual, Procedures”, “List of Ship(s)” and “SMS Implementation Plan” related to the ship type(s) in question.

(2) Initial Audit

The above documents specified in (1) Interim Audit shall be attached to the original of the Application excluding a “SMS Implementation Plan”.

(3) Annual or Renewal Audit

The Company is requested to submit a list of the ships which are in possession of a SMC issued by other than ClassNK with its detail, i.e. ship’s name, kind of ship, Flag, IMO number, classification society and SMC issuer, managed by the Company under the DOC issued by ClassNK, and further the revised parts of the SMS Manual, when there is any change to the SMS Manual.

(4) Additional Audit

The Company is requested to submit documents which describe the reason and detail of Additional Audit and supplemental information, as necessary.

**3.4.2. Application for Shipboard Audit**

The Company is requested to apply through e-Application, Web Service Portal on our website, or submit the Application for Shipboard Audit in accordance with ISM/ISPS Code (APPLI-CSA) together with documents listed below to an *Office* of ClassNK having jurisdiction over the port at which the Company plans to undergo the Audit.

Please refer to e-Application on our Home page.

An Application Form for Shipboard Audit in accordance with ISM/ISPS (APPLI-CSA) available from “Download” of the Society’s Home Page.

Any Application for Shipboard Audit for a ship classed with an IACS Society other than NK is to be assessed at Head Office at the time of first application of the ship to be managed by the Company. Therefore, the Company is kindly advised to contact NK as soon as possible before making such an application. Please be advised that an application for a ship, which is not classed with an IACS Society, is not acceptable, in principle.

**Documents to be attached to the Application for Shipboard Audit**

(1) Audit for issuing Interim SMC, Initial, Intermediate or Renewal Audit

- (i) A copy of a valid DOC\*<sup>1</sup> (In the case of DOC issued by other than ClassNK. Interim DOC is valid only for Audit to issue Interim SMC)
- (ii) A copy of “Ship Inspection Certificate” in the case of Japanese flag ship
- (iii) A copy of (Provisional) Certificate of Registry in case of Audit to issue a Short-term or an Interim SMC to a ship classed with a Society other than NK.

\*1: A valid DOC means to satisfy all items listed below;

- (a) Name of applicant coincides with the name of Company shown on DOC;
- (b) Administration issuing DOC coincides with the ship’s Flag;
- (c) Ship type indicated on DOC coincides with the ship;
- (d) DOC is valid in terms of period; and
- (e) DOC is endorsed for necessary Annual Audit.

(2) Additional Audit

In addition to those above, submission of documents describing the reason is requested.

**3.4.3. Application to take over DOC/SMC issued by another IACS Society**

When a Company requests ClassNK to hand over the validity date of DOC/SMC issued by another IACS Society (hereunder referred as the “**Losing Society**”), the Application is to be submitted to the Ship Management Systems Department (SMD) of ClassNK, attaching the documents listed below, at least one week in advance for communication between the Losing Society and NK.

**In the case of Transfer of DOC**

- (1) Copies of all DOC issued by Losing Society.
- (2) A copy of the last Audit Report issued by the Losing Society, including NC, if any, their status and time period(s) for implementation and verification of agreed corrective actions.
- (3) All documents specified in 3.4.1 (1).

**In the case of Transfer of SMC**

- (1) A copy of each of the SMC and the latest DOC issued by the Losing Society.
- (2) A copy of the last Audit Report issued by the Losing Society, including NC, if any, their status and time period(s) for implementation and verification of agreed corrective actions.
- (3) In the case of a first Application from the Company to ClassNK, a copy of the SMS Manual and List of Procedures related to the SMS.

### Procedures for Transfer of DOC/SMC (for Reference)

- (1) SMD will inform the Company, in writing, of the conditions for proceeding with the Audit.
- (2) SMD shall notify the Losing Society, and request relevant information from the same.
- (3) The Audit for Transfer shall be carried out as an Additional Audit corresponding to the Annual or Intermediate Audit. However in cases where the Audit is to be carried out within the due date window of the Periodical Audit, such a Periodical Audit shall be carried out.
- (4) The new full term DOC/SMC issued by ClassNK will be valid for the same period as the previous one.

## 4. Company Audit

### 4.1. Audit for issuing Interim DOC

#### 4.1.1. In the case of a newly established Company

An Audit for issuing Interim DOC for a newly established Company shall be conducted according to the following steps.

- (1) An interim document review shall be conducted at the Head Office of ClassNK. An Auditor of an *Office* having jurisdiction over the area of the Company may visit the Company, and may ask some questions before conducting document review. In addition, the Auditor will confirm the contents of the "SMS Implementation Plan".
- (2) Interim DOC shall be issued by the auditor of the *office*, upon completion of the interim audit after the document review by SMD.

In this case, the Company shall undergo Initial Audit to obtain DOC, within the validity (12 months) of the Interim DOC. In this case, further Document Review for the Manual and Procedures should be conducted prior to the Initial Audit on site. In this regard, the Application for the Initial Audit should be submitted one month before the schedule.

#### 4.1.2. In the case of Addition of Ship Type

An Audit for issuing an Interim DOC for a Company who is in possession of DOC issued by ClassNK and applies its SMS to a new ship type(s), which is not listed on the existing DOC, shall be conducted according to the following steps.

- (1) An Auditor of an *Office* shall verify the revised parts of the SMS Manual, Procedures (cargo handling, emergency response and maintenance relevant to ship type(s) to be added) and SMS Implementation Plan for the ship type(s) in question.
- (2) An Interim DOC listing the new ship type(s) only shall be issued by the auditor of the *Office*, upon completion of above verification.

In this case, the Company shall undergo an Additional Audit to obtain a DOC, within the validity (12 months) of the Interim DOC. At the time of on-site Audit, the SMS of the Company and at least one ship of each ship type covered by the SMS should have been in operation for at least three months. Also the internal Audits for them should have been carried out.

### 4.2. Initial Audit of Company

Regarding the Initial Audit of a Company, an Initial document review in detail, to verify that the Company's SMS is in conformity with the ISM Code, shall be conducted at the Head Office of ClassNK, as a first step. Upon completion of the document review, a Company Audit shall be conducted by Auditors of an Office having jurisdiction over the area of the Company.

#### 4.2.1. Document Review

Document Review will be conducted prior to Audit for issuing interim DOC and initial Audit. An Auditor of the Head Office shall verify the descriptions in the SMS Manual and Procedures related to the SMS (including forms and checklist) submitted by the Company to ensure that

they satisfy the requirements of the ISM Code.

The results of the document review shall be described in a “Preliminary\* Report of Document Review” and shall be forwarded to the Company, requesting correction of inadequate descriptions, if any.

The Auditor shall verify the response of the Company relative to the correction of documents. When he finds the response is in order, he should prepare a final “Report of Document Review” and send it to the Company and the *Office*. Please be advised that the Company Audit on site shall not be commenced, unless the document review is completed. When correction of documents could not be completed remotely, it should be completed by an interview at Head Office of ClassNK or at the Company premises with the Company’s personnel.

**4.2.2. Company Initial Audit on site**

- (1) At the time of on-site Audit, the SMS of the Company and at least one ship of each ship type covered by the SMS should have been in operation for at least three months. Also the internal Audits for them should have been carried out.
- (2) Auditor(s) of the *Office* shall visit the Company and shall hold meetings with the Designated Person(s), managers and/or staff of the ashore organization, according to the Audit Program submitted beforehand. The member(s) of top management are kindly requested to attend the Opening and Closing meetings.

The standard duration for Company Initial, Intermediate and Renewal Audits shall be as follows;

Company	Minimum audit duration
Small (up to 20 employees *)	1 man-days
Medium (between 21 and 50 employees)	2 man-days
Large (more than 50 employees)	2 man-days

Note: one man-day is 8 hours.

\*: number of relevant employees who carry out or have responsibility to the Safety management System of the company ashore.

- (3) The following items shall be verified through the meetings and interviews.
  - (a) The SMS has been in operation satisfactorily for three months and more at the shore organization and at least one ship of each ship type covered by the SMS, verifying the controlled records and the results of internal Audits performed by the Company.
  - (b) Statutory and Class Certificate, and the statutory and survey records of at least one ship of each ship type covered by the SMS.
  - (c) Activities related to SMS have been operated in conformity with the Company SMS, as well as the requirements of conventions such as the ISM Code, SOLAS, STCW and Flag requirements, through examination of the controlled records.
  - (d) In the case of a Company, which manages ship(s) manned with multi-national crew, how the Company is checking the language skills of the crew and their communication abilities.
  - (e) Understanding and implementation of the Company’s SMS by Designated Person(s) and the Manager of each Department/Section related to the SMS shall be verified through interview.
- (4) In cases of Company Audits including Annual and Renewal Audits, the Company shall provide the statutory and classification survey records as well as ISM Audit records relevant to all ships concerned including those which are in possession of SMC issued by other organizations than ClassNK, for Auditors’ scrutiny.

#### 4.3. Annual Audit of Company

- (1) An Annual Audit is to be carried out within three months before or after the anniversary date.
- (2) Auditor(s) shall visit the Company, and shall conduct the Audit in the same way as corresponding to paragraph 4.2.2.

The scope of the Audit is to cover all areas of the SMS, and principally is to verify if the SMS is being properly implemented or not. In addition the Auditor(s) shall verify the Company's activity relating to verification and review of any DNC and NC pointed out by the ClassNK Auditors during the previous Company and Shipboard Audits\*, PSC detention, and marine casualty.

This verification shall consist of the Company's examination, analysis and resolution, including the root causes of them, and if the SMS has been improved in relation to these points, when necessary to prevent recurrence, and if these improvements have been brought to the attention of all personnel concerned.

In case a Company has sustained a number of PSC detention and/or marine casualty, the duration may be increased.

- \*: In the case of a ship managed by a company who holds DOC issued by other than ClassNK, the effectiveness of corrective actions taken by the Company shall be verified at the next Shipboard Audit.

#### 4.4. Renewal Audit of Company

- (1) Renewal Audit is to be carried out within three months before expiry date of the DOC.
- (2) The Audit shall be conducted and verified in same way corresponding to paragraph "4.3 Annual Audit of Company". In principle, the verifications shall be done for the past five years.

#### 4.5. Additional Audit of Company

An additional Audit for a Company is to be carried out in the following cases.

- (1) When substantial modifications have been made to the SMS of the Company or major organizational changes are made within the Company.
- (2) When ClassNK or the Government of the Flag Administration considers it is necessary to request an Additional Audit in view of the nature of the NC with regards to the SMS of the Company or Ship(s).
- (3) When an Interim DOC related to addition of ship type is changed to DOC.
- (4) When a new Flag State DOC is issued in addition to the DOC in possession. (Refer to 4.7)
- (5) When the Company requests reinstatement of an invalidated DOC.
- (6) When name and/or address of a Company is changed. (Refer to 4.8)
- (7) Additional Audit for DNC" (Refer to 6.2)

Regarding the detail of procedures, please contact with an *Office* or the Head Office of ClassNK.

#### 4.6. Handling Procedures for Revision of the SMS Manual

- (1) In cases where there is substantial change in the SMS (overall revision, organizational change, etc.), the Company is kindly requested to apply for an Additional Audit for "Revision of SMS Manual" to the *Office* having jurisdiction over the area of the Company using Form (APPLI-C), attaching one copy of the outlines of revisions, two copies of revised parts of SMS Manual and one copy of revised parts of Procedures related to SMS (including forms and checklist). Please be advised that an on-site Company Audit may be required, when ClassNK considers it is necessary depending on the results of document review at Head Office.
- (2) When a revision made to the SMS Manual is not substantial, for example change of



president, amendments of expression, revision of words or phrases and so on, the Company is kindly requested to send two copies of revised parts of SMS Manual (excluding Procedures) to the *Office* having jurisdiction over the area of the Company. After confirmation that it is not a substantial change, the revised parts shall be changed in the files retained by the *Office* and Head Office of ClassNK.

**4.7. Procedures to issue DOC for a new Flag State in addition to existing DOC**

- (1) When a Company commences management of a ship under a new Flag State, if the Company is not in possession of DOC issued under the authority of the new Flag State, while the Company manages that ship type, the Company should apply an Additional Audit to the *Office* having jurisdiction over the area of the Company, attaching following documents.
  - (a) A copy of (Provisional) Registry Certificate of new Flag State or evidence to show concrete plan to obtain registry of that State.
  - (b) A copy of document has been submitted to the new Flag State in compliance with the ISM Code 3.1, when the ship's registered owner is not same as the Company.
  - (c) Any evidence to show that the Company is in possession of necessary national regulations of that new State.
- (2) DOC shall be issued from the *Office* upon verification of the requirements of the new Flag State.

**4.8. Handling Procedures when the Company's Name/Address changes**

- (1) In cases of Companies whose DOC or Interim DOC is issued by ClassNK, the Company is requested to submit an Application to the Office of ClassNK having jurisdiction over the area of the Company. The Auditor shall conduct an Additional Audit at the Company's premises, and issue a DOC or an Interim DOC.

In this case, you are requested to hand to the Auditor a request letter (free form) for rewriting of the SMC and/or Interim SMC, attaching a list of ships, for which the rewrite is requested. SMD of ClassNK will issue SMC and/or Interim SMC, and send the same to the Company at once. (Except in those cases where ClassNK is not authorized to do so by the Flag State)
- (2) In cases of Companies whose DOC or Interim DOC is issued by the Flag Administration or an IACS Society other than ClassNK, the Company is requested to send a letter (free form) to SMD of ClassNK, clearly indicating the exact company's name/address to be shown on SMC/Interim SMC, attaching a copy of new DOC or Interim DOC and a list of ships, for which the rewrite of SMC or Interim SMC is requested.

The Head Office of ClassNK will issue the SMC and/or Interim SMC, and send the same to the Company at once. (Except in cases where ClassNK is not authorized to do so by the Flag State)

**5. Shipboard Audit**

**5.1. Initial, Intermediate and Renewal Audit of a Ship**

- (1) At the time of Initial Audit, the Company's SMS is to have been in operation on shipboard for at least three months. And also, the Internal Audit by the Company for this ship shall have been carried out.
- (2) An Auditor of the *Office* having jurisdiction over the port at which the Audit is requested shall visit the ship. The Auditor shall hold meetings with the Master, senior officers and responsible member(s)\*<sup>1</sup> of staff appointed by the Company and make a shipboard tour, according to the Audit Program submitted beforehand. First of all, the Auditor shall confirm

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the validity of a copy of DOC placed onboard (Refer to 3.4.2 Note (1)). When a copy of valid DOC is not placed onboard, the Shipboard Audit should not be conducted.

\*1: Any person ashore or onboard who is familiar with Company SMS is acceptable.

The standard duration for SMC Initial, Intermediate and Renewal Audits shall be as follows;

Ship type	Initial or Renewal Audit	Intermediate Audit
Passenger ship carrying 1500 passengers and above	2 man-days	
Passenger ship, and High-speed Craft carrying 300 passengers and above less than 1500 passengers	2 man-days	1 man-day
Offshore drilling unit	1.5 man-days	
Other type	1 man-day	

Note: one man-day is 8 hours.

- (3) The following items shall be verified through meetings, interviews and ship's tour.
  - (a) A valid latest SMS Manual and Procedures relevant to that ship are placed onboard properly.
  - (b) The validity of certificates and survey records, both Statutory and Class.
  - (c) The ship is fully manned with crew hold Certificates endorsed in accordance with STCW fulfilling the Safe Manning Certificate issued by the Flag Administration.
  - (d) Activities related to SMS have been operated in conformity with the Company SMS, as well as the requirements of conventions such as the ISM Code, SOLAS, STCW and Flag requirements, through examination of the controlled records.
  - (e) The Internal Audit of this ship has been conducted properly and its results have been brought to the attention of all personnel concerned, through examination of the controlled records.
  - (f) In cases of a ship manned with multi-national crew, how the Master is checking the language skills of the crew and their communication abilities.
  - (g) The understanding and implementation of the Company's SMS, including shipboard operation, drills and so on, by the Master and senior officers shall be verified through interview. At the shipboard tour, the Auditor shall also interview rating crew.
  - (h) In the case of a ship managed by a company who holds DOC issued by other than ClassNK, the effectiveness of corrective actions taken by the Company for DNC and NC pointed out at the previous Shipboard Audit shall be verified with the scope of 4.3(2).
  
- (4) In cases of Shipboard Audits, the statutory and classification survey records and ISM Audit records relevant to that ship must be available, for the Auditors' scrutiny.

### 5.2. Audit for issuing an Interim SMC

- (1) An Auditor of the *Office* having jurisdiction over the port at which the Audit is requested shall visit the ship and verify the following items, provided that the ship is fully manned in accordance with its Safe Manning Certificate.
  - (a) DOC, including Interim, is effective for that ship (Refer to 3.4.2 Note (1))
  - (b) The ship is provided with the manual and procedures related to that ship, which have been reviewed for the Initial Audit of Company or issuance of an Interim DOC.
  - (c) Master and relevant senior officers are familiar with SMS and the planned arrangement for its implementation.
  - (d) Instructions\*<sup>1</sup> which are identified as essential to be provided prior to sailing have been given; including lifeboat station and responsibilities, fire station responsibilities and making available specific additional reference material associated with safety

requirements from the SOLAS training manual.

- (e) Plans for Internal Audit by the Company of the ship within three months exist.
- (f) The relevant information on the SMS is given in the working language or languages understood by the ship's personnel

\*1: Essential Instructions consist of two kinds of instructions.

One is the "written instructions to the Master", which shall be prepared in accordance with the provisions of Section A-I/14 "Responsibilities of companies" of STCW 95.

Another is the "Essential Instructions to be given to newly joined crew and/or crew transferred to new assignments related to SMS", specified in 6.3 of the ISM Code, which shall be prepared for each rank of crew in accordance with the provisions of Section A-VI/1 "Mandatory minimum requirements for familiarization and basic safety training and instruction for all seafarers" of STCW 95; taking the supplemental explanations in the above (d) and the provisions of Section B-I/14 "Guidance regarding responsibilities of companies and recommended responsibilities of masters and crew members" of STCW 95 into consideration.

- (2) The validity of certificates and survey records, both Statutory and Class. The ship is fully manned with crew hold Certificates endorsed in accordance with STCW fulfilling the Safe Manning Certificate issued by the Flag Administration. Please be advised that when any Non-conformity is found no Certificate shall be issued, in the case of Audit for issuing an Interim SMC.

### 5.3. Additional Audit of a Ship

An Additional Audit for a Ship is to be carried out in the following cases.

- (1) When substantial modifications have been made to the Shipboard SMS.
- (2) When ClassNK or the Flag Administration considers it is necessary to request an Additional Audit in view of the nature of the Non-conformity with regard to the SMS of the Company or Ship(s) or requested by PSCO.
- (3) When a ship's particulars such as ship's name are changed.
- (4) When the Company requests reinstatement of an invalidated SMC.
- (5) At the extension of the Interim SMC (Application must be accompanied by an Authorization letter issued by the Flag Administration)
- (6) "Additional Audit for DNC" (Refer to 6.2)

Regarding the detail of procedures, please contact with an *Office* or the Head Office of ClassNK.

### 5.4. Audit when the same has been suspended due to a ship's schedule

When a Shipboard Audit could not be completed due to a change of the ship's departure time etc., the Company should choose either of following two options.

- (1) The Audit shall be continued at a port where the Auditor can catch the ship or be continued in the near future at the same port when the ship should visit again.
- (2) The Audit shall be suspended and a separate application shall be forwarded to another *Office* of ClassNK. The remaining parts of the Audit shall be conducted by an Auditor of another *Office* at another port. In this case, a copy of the Audit Record made by the first Auditor shall be forward to the second Auditor, nevertheless please keep in mind the fact that a little overlapping of verification may be unavoidable.

### 5.5. Procedures for a Shipboard Audit when a ship's Flag is changed

When a ship's Flag has been changed without a change of the Company, an Auditor shall visit the ship and conduct Audit for issuing Interim SMC. The Auditor shall issue an Interim SMC upon completion of verification of below items

- (a) A copy of valid DOC\*<sup>1</sup> (Interim DOC is not acceptable) from the new Flag State is placed onboard.
- (b) A copy of document has been submitted to the new Flag State in compliance with the ISM Code 3.1, when the ship's registered owner is not same as the Company.
- (c) The necessary Statutory Certificates for the new Flag State are available onboard.
- (d) Information related to the national regulations of new Flag has been provided onboard, and the Master knows them.
- (e) The ship is manned with crew hold Certificates endorsed in accordance with STCW fulfilling the Safe Manning Certificate issued by the new Flag Administration.
- (f) Other requirements of the new Flag Administration are satisfied.

\*<sup>1</sup>: When the Company is not in possession of the valid DOC to the new Flag State, it should apply for an Additional Audit for issuance of the valid DOC to the new Flag State, in addition to the DOC in possession, to the *Office* having jurisdiction over the area of the Company beforehand.

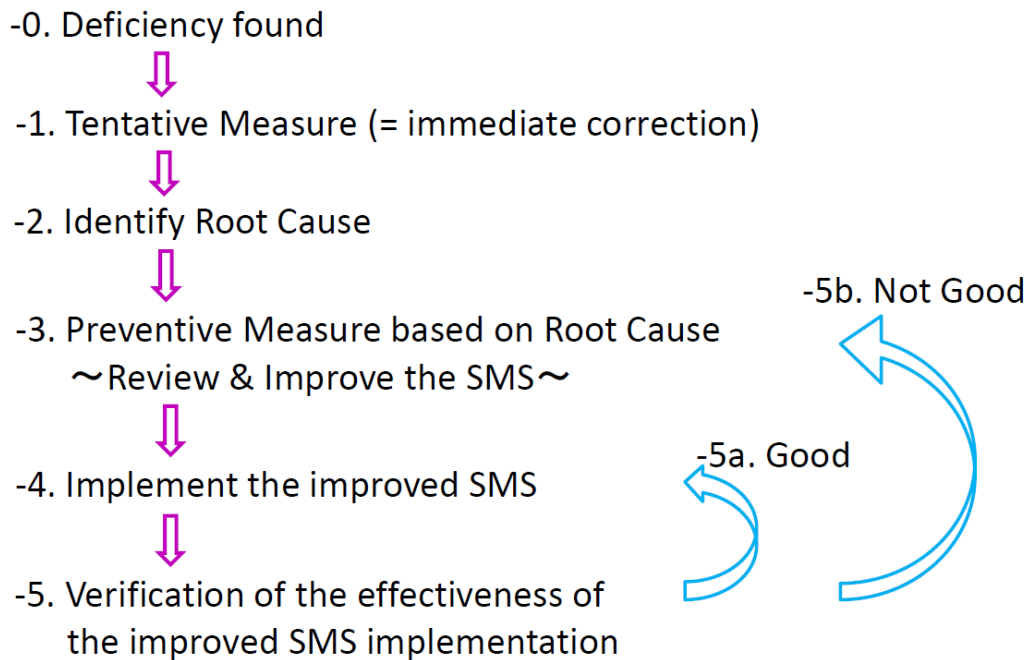
## 6. Pointing out of deficiency and its Corrective Action (common for Company and Shipboard Audits)

### 6.1. Deficiency and Corrective Action

- (1) When the objective evidence indicates the non-fulfillment of a specified requirement, Non-conformity (NC) is raised. The Auditor explains NC to the shipmaster, DPA and/or other Company's representatives, and describe NC with objective evidence on audit record. When the identified non-fulfillment poses a serious threat to the safety of personnel or the ship or serious risk to the environment that requires immediate corrective action including the lack of effective and systematic implementation of a requirement of the ISM Code, Major Non-conformity (MNC) is raised distinctively from other NCs.
- (2) The notification of NCs identified through Audit should be taken as an opportunity to improve the SMS. The detection of NCs existed in the SMS and implementation of appropriate corrective actions will contribute to the prevention from the problems listed below as well as from the recurrence of the same type of non-conformity.
  - (a) Occurrence of casualties due to unrevealed or unresolved NCs
  - (b) Detention of ships as a result of PSC inspections.
- (3) "Corrective Action" in term of ISM Code  
In principle, deficiencies pointed out as objective evidence of failure of SMS implementation shall be corrected immediately (Tentative Measure). However, the immediate correction(Tentative Measure) itself does not constitute (is not the same as) completion of "Corrective Action" in terms of the ISM Code. "Corrective Action" must include all of items 1 to 5 and the plan for the "Corrective Action" is CAP(Corrective Action Plan).
  - 1 Tentative Measure  
Immediate correction of deficiencies as objective evidence.
  - 2 Root Cause Analysis  
Investigation and identification of Root Cause why the deficiencies occurred under the current SMS.
  - 3 Measure to preventive recurrence (Preventive Measures)  
Plan concerning preventive measures for preventing recurrence reviewing and revising the identified insufficient/defective parts of the SMS as a result of investigation in Step 2 above.  
(Risk Assessment to be carried out, if necessary)
  - 4 Implementation of Preventive Measures

- Implementation of planned Preventive Measures.
- 5 Verification of Implementation of Preventive Measures  
Determine effectiveness of preventive Measures
    - 5a: preventive measures judged as being effective
      - ⇒ continue implementation
    - 5b: effectiveness determined to be insufficient or recurrence is observed.
      - ⇒ reconsider Preventive Measure (Step 3 above) or reconsider Root Cause Analysis (Step 2 above)

## Basic Flow of “Corrective Action”



### 6.2. Handling of a Certificate when a Non-conformity is found

#### 6.2.1. Follow up action for MNCs

##### (1) Determination of MNCs

- (a) When an MNC is identified, the Auditor hand over Form MNC with its objective evidences to the Company's representative(or Master) as an intermediate report. The Auditor explains the MNC and follow-up procedures.
- (b) The Company must immediately take corrective action for the deficiencies which the MNC based such as of repairs of damaged equipment. The Company is to propose the immediate corrective action to the Auditor to downgrade it to DNC. The Auditor reviews the plan and request changes as found necessary.  
In order to downgrade to DNC, it is necessary to take measures to remove at least the serious threats to personnel and/or ship safety, and/or serious risks to the environment.
- (c) After confirmation of the immediate corrective action, the Auditor describes the actions taken and DNC(s) on the Form MNC and present it to the Company's representative. The record is signed by the Auditor and the company's representative.
- (d) In case MNC is identified, an Additional Audit to verify whether effective actions are taken (hereunder referred as "Additional Audit for DNC'') is required within 3 months from the date of the audit.  
If the additional audit has not been completed within the agreed time period (max. 3

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months), the DOC/SMC shall be withdrawn with reporting to the flag administration. In addition, in case a MNC which caused by the company's SMS failure is raised during shipboard audit, an Additional Company Audit may be required in addition to the additional shipboard audit, if the Auditor deems it necessary.

- (e) The Auditor prepare Form MNC as shown Appendix 1 describing the MNC and DNC (Downgraded Non-conformity) and its supporting objective evidences, and hand it to the Company's representative (or Master) at Pre-closing meeting together with a Form CAP.
- (2) DNCs follow-up
    - (a) The company is requested to draw up a corrective action plan for the DNC with a schedule not exceeding 3 months from the last date of the audit and submit Form CAP to the Auditor within 2 weeks from the last date of the audit. The Auditor reviews the proposed CAP if it is agreeable or not and ask the Company to revise it where considered necessary. In this respect, the Auditor confirms that the plan contains the root-cause investigation and the implementation of corrective actions including measures to prevent recurrence.  
Where the CAP is agreed as satisfactory, the Auditor sends the receipt to the Company.
    - (b) Application for the "Additional Audit for DNC" shall be submitted to the office in cases of Company Audit, or to any Office, having jurisdiction over the port at which the Company plans to undergo the Audit, in cases of Shipboard Audit. The Application shall be accompanied by a copy of each Form MNC. The purpose of the follow-up Audit is to verify that the corrective actions taken to prevent recurrence of the findings have been implemented in line with the SMS and to confirm their effectiveness.  
When the completion of effective Corrective Actions are not observed, DOC/SMC is to be invalidated.

### 6.2.2. Follow-up action for NCs

- (1) Determination of NCs  
When NCs are identified, an Auditor prepares Form NCN as shown Appendix 2 describing the NCs and its supporting objective evidences, and hand it to the Company's representative (or Master) at Pre-closing meeting together with a Form CAP. The Auditor explains the NC and follow-up procedures.
- (2) NCs follow-up  
The company is requested to draw up a corrective action plan for the DNC with a schedule not exceeding 3 months from the last date of the audit and submit Form CAP to the Auditor within 2 weeks from the last date of the audit. The Auditor reviews the proposed CAP if it is agreeable or not and ask the Company to revise it where considered necessary. In this respect, The Auditor confirms that the plan contains the root-cause investigation and the implementation of corrective actions including measures to prevent recurrence. Where the CAP is agreed as satisfactory, the Auditor will send the receipt to the Company.  
The effectiveness of the corrective actions for NCs, including those raised at Shipboard Audit, shall be verified by the Auditor at the next Company Audit. However in the case of a ship managed by a Company to who holds DOC issued by other than ClassNK, the verification of the effectiveness of corrective actions shall be verified at the next Shipboard Audit.

### 6.3. Entry onto the Form CAP

- (1) Form CAP (Corrective Action Plan) as shown Appendix 3 is composed as follows.  
As this Form can be used for DNC/NC as common form, please prepare the CAP for NC and DNC separately, if NC and DNC exist.

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- 1 Investigation of DNC/NC  
Investigation of objective evidence of DNC/NC
- 2 Identification of Root Cause of DNC/NC  
Identifying the Root Cause
- 3 Tentative measures for DNC/NC  
Immediate correction / repair of defected installation or machinery  
Tentative measure for lack of crew familiarity etc.
- 4 Preventive measures for recurrence of DNC/NC  
Based on the identified Root Cause (above -2), the company examines the necessity of revising and improving the SMS, if necessary.
- 5 Verification of effectiveness of preventive measures  
How to verify the planned preventive measures (above -4) are effective or not.

### (2) Concrete example of CAP

- a) Investigation of DNC/NC
  - ✓ Crew were not familiar with the procedure of ~
  - ✓ Document control was insufficient/inadequate
- b) Identification of Root Cause of DNC/NC
  - ✓ There is no practical Procedure / Instruction in SMS, depending only on the crew's skill / knowledge
  - ✓ Procedure / Instruction for ~ was missing / not defined / not sufficient.
- c) Tentative measures for DNC/NC
  - ✓ Repaired defective installation / machinery
  - ✓ Provided crew education / training by the company's staff.
- d) Preventive measure for recurrence of DNC/NC
  - ✓ Procedure / Checklist will be revised
- e) Verification of effectiveness of preventive measures
  - ✓ Additional internal audit by the shore staff will be carried out by dd mm yy.
  - ✓ Verification of photos / reports from the vessel will be carried out by dd mm yy.

### 6.4. NCs Follow-up (In the case of Japanese ships and/or their managing Companies)

In the case of NCs raised against Japanese ships and/or their managing Companies, the Auditor shall hand over Form CAP-J instead of, or in addition to, Form CAP to the DPA or the Master. Form CAP-J shall be sent by e-mail to the Auditor in charge within two weeks after entering the Corrective Action Plan into the upper part. The same shall be submitted to the Auditor in charge within 3 months after completing it, namely entering the corrective actions taken onto lower part of the Form, as an Application for Follow-up Audit.

At the first submission of Form CAP-J by e-mail, the *Office* shall forward a "Receipt" to the Company.

At the second submission of Form CAP-J, the *Office* shall receive the same as Application for "Follow-up Audit", and an Audit Record for Follow-up shall be forwarded to the Company.

## 7. Actions for ISM Deficiencies Raised in PSC Inspections

When deficiencies related to ISM Code requirements (ISM deficiencies) are raised in PSC inspections, the procedures specified below are supposed to be followed, while it should be confirmed with the PSC Officer (PSCO) on individual case basis.

**7.1. ISM Deficiencies which are Ground for Detention**

In the case of MNCs or deficiencies which are ground for the detention of ship, external Audit by the flag administration or a recognized organization is normally required by the PSCO.

**Procedures**

- (1) The Company should submit an application for additional Audit to the local ClassNK office together with:
  - (a) a copy of the PSC inspection report
  - (b) particular explanation by the PSCO on why the ISM deficiencies were raised and Company's views in any
- (2) The Company should arrange correction of the physical or operational deficiencies on which the ISM deficiencies are based, e.g. repairs of hull construction and equipment, provision of necessary document.
- (3) The auditor categorizes the deficiencies pointed out by PSCO into the element of ISM Code and decides the scope of the audit. The auditor determines MNC, NC or OBS based on the corrected object evidences during the audit, including the deficiencies and issues an Audit records.
- (4) The Company should make report on the actions taken to the PSCO with a copy of the Audit records for release of the ship.
- (5) The Company should investigate root causes of the ISM deficiencies and draw up corrective action plan for the prevention of recurrence. When MNC is raised, the Company should undergo additional audit for verification of effectiveness of corrective actions.(Please see guidance given in para.6.1 and 6.2 above)

**7.2. Other cases**

When an Audit by the Flag Administration or a recognized organization is required by the PSCO for other ISM deficiencies than MNCs and those which are ground for detention of ship, the procedures stated in (1) thorough (5) of 7.1 should be followed, in principle.



Appendix 1 Form MNC (sample)



Form MNC

NIPPON KAIJI KYOKAI  
Major Non-conformity Note for SMS

Record No.	Company's Name: ABC Shipping Co., Ltd.	C.ID.: 0123	Sheet No.
<b>19SQM0123</b>	Ship's Name: ABC ACE		<b>1/1</b>

Major Non-conformity      SMS Manual Ref. No.: Chapter 10.5      ISM Code Ref. No. 10.2  
(Indicate Objective Evidence(s) to substantiate the Major Non-conformity.)

The ship is not maintained in conformity with the provisions of relevant rules and regulations.  
(Objective Evidences)  
1. Starboard side shell plate of Lifeboat (p-side) was holed at middle depth around half-length.  
2. The brake pads of the Boat Davit Winches were heavily wasted, and the crew had overlooked this waste  
3. The damage listed above had not been reported to the company by the Master.

**This Major Non-conformity was downgraded by following countermeasure(s).**  
1. The fact of the holed shell plate of Lifeboat was reported to the Administration by the Company.  
2. An additional Life raft (20 persons) was provided on board according to the Administration's Instructions.  
3. The brake pads of the Boat Davit Winches were replaced with new ones by ship's hands.  
4. Repair of the damaged Lifeboat has been arranged at the next port by the Company.

**Downgraded Non-conformity (DNC)**  
1. Inspections have not been held at appropriate intervals as per the SMS. (Code 10.2.1)  
2. The maintenance related deficiencies have not been reported to the company, with possible cause, if known, as per the SMS (Code 10.2.2)

**Corrective Action Plan**  
1. An Additional Audit shall be conducted to verify effective actions are taken in accordance with the Corrective Action Plan for DNC by DD MM 2019.  
2. The Society shall proceed to INVALIDATE the relevant DOC/SMC, unless the Downgraded Non-conformity (DNC) above is resolved and verified at the Additional Audit within three months.  
3. This report will be submitted to Flag State and to DOC Issuer according to IACS Procedural Requirements No.9.

Corrective Action Plan for the DNC shall be prepared by DPA using Form CAP, and be submitted to the auditor in charge within two (2) weeks from Designated Person ashore.  
Corrective actions shall be scheduled to be completed within three (3) months.

( Mr. Kaiji )  
Auditor to NK

( Captain ABC )  
~~Designated Person~~\* / Master\*

\*Delete as appropriate.

Form MNC (2018.08)

**Handbook for ISM Audits (16th Edition)**

**Appendix 2 Form NCN (sample)**

<b>Record No.</b>		<b>Non-conformity Note for SMS</b>	<b>Sheet No.</b>
<b>19</b>	<b>SQM</b>		<b>0123</b>

No.	Non-conformities (Indicate Objective Evidence(s) to substantiate the Non-conformity, just below the statement.)	ISM Code Ref. No.
1.	<i>Ship's Master has not implemented the Company's policy properly.</i> (Objective Evidences) 1. <i>Briefing on the SMS to all ratings by the Master has not been carried out in the last month as required by the Company's SMS.</i>	5.1.1
2.	<i>Ship's Master has neither reviewed properly the SMS nor reported its deficiencies to the Company as required by the SMS.</i> (Objective Evidences) 1. <i>The SMS requires that Master should review the SMS and report its deficiencies to the Company once per three months.</i> 2. <i>There is no evidence the Master's review report has been sent to the Company, although 5 months has passed since the Master came onboard the ship.</i>	5.1.5
3.	<i>Some shipboard operations have not been carried out properly as required by the Company's SMS.</i> (Objective Evidences) 1. <i>Ship's departure operations at the last port were not carried out as per the Procedures.</i> 2. <i>Passage plan for the last voyage was not prepared.</i>	7
4.	<i>Emergency drills and exercises have not been carried out properly as required by the programmes specified by the Company.</i> (Objective Evidences) 1. <i>Able seaman B said that he did not participate in fire drills for the past two months.</i> 2. <i>Oiler C is not aware his duties in an engine room fire.</i>	8.2
5.	<i>Inspections have not been held at appropriate intervals as required by the SMS properly.</i> (Objective Evidences) 1. <i>Fuel oil soaked the ragging around FO purifier at the time of audit.</i> 2. <i>Weekly inspections for life saving appliances and firefighting equipment have not been held as required by the SMS.</i>	10.2.1

**A corrective action plan, including a schedule not exceeding three months, for implementation of the necessary corrective actions shall be submitted to the Auditor within two weeks.**

The effectiveness of corrective actions for Non-conformities above should be verified at the next Company Audit, including those raised at Shipboard Audits. But, in the case of a ship managed by a Company, whose DOC has not been issued by the Society, the effectiveness of corrective actions should be verified at the next Shipboard Audit.

Form NCN

Appendix 3 Form CAP (sample)

Record No.  
19SQM0123

To: ClassNK Kaiji Office (Fax. No. +12-3456789)  
Attn: Mr. Kaiji (Auditor)

Company's Name: ABC Shipping Co., Ltd.	ID No. 0123
Ship's Name: ABC ACE	Master's Name: Capt. ABC

Corrective Action Plan for NC\* ~~/DNC\*~~

Date: 1st Feb. 2019

Designated Person: \_\_\_\_\_  
(Signed)  
(Capt. ABC)

I hereby submit corrective action plan for the Non-conformity(ies) or the downgraded Non-conformity(ies), specified by the above Record No., to implement the necessary corrective actions within three months, as follows;

<p><i>Please itemize actions to be taken together with scheduled date of each action.</i></p> <p><u>Investigations for NC <del>or DNC</del>:</u></p> <ul style="list-style-type: none"> <li>▪ Insufficient awareness of the Master and senior Officers of the SMS.</li> <li>▪ Insufficient inspections of the pipe lines by crew members.</li> </ul> <p><u>Identification of Root Cause of NC <del>or DNC</del> :</u></p> <ul style="list-style-type: none"> <li>▪ Unclear procedure for training of Crew needing refresher/additional education.</li> <li>▪ Interval of inspection of pipe line was too long to identify the deficiency.</li> </ul> <p><u>Tentative measure for NC <del>or DNC</del>:</u></p> <ul style="list-style-type: none"> <li>▪ Re-education of the ship's personnel by shore staff was done on dd mm yy.</li> <li>▪ Repair of the F.O. soaked ragging by ship's hand at once.</li> <li>▪ An internal Information Circular shall be issued to all ships under management of the company by 1 March 2019.</li> </ul> <p><u>Preventive measure for recurrence of NC <del>or DNC</del>:</u></p> <ul style="list-style-type: none"> <li>▪ Procedure / Checklist will be revised.</li> </ul> <p><u>Verification of effectiveness preventive measure:</u></p> <ul style="list-style-type: none"> <li>▪ An extraordinary Internal Audit shall be conducted by 20 April 2019.</li> </ul> <p><b>Example of Actions</b> (for reference only): * Revision of SMS Manual and/or Procedures. * Internal Circular. * Reeducation of Personnel concerned. * Internal Audit. * Recurrence prevention * System Review Meeting</p>
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This sheet(s) shall be submitted to the Auditor by 15 Feb. 2019. (within two(2) weeks)

In cases of Shipboard Audit, this sheet shall be submitted to the Auditor via Designated Person.

An Additional Audit for DNC shall be conducted to verify effective actions are taken by the Company and/or Master within three (3) months.

Form CAP