

Safety Management System  
**Handbook for ISM Audits**

(Applicable to Non-Japanese Flag Ships)

(A Reference for Ship Management Companies)

**ClassNK**

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Ship Management Systems Department

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### Record of Revisions

Date	Edition	Major points of Revision
1 Oct. 2016	15 <sup>th</sup> (W.S.)	Handling procedures for Major non-conformities are revised. Submission of Outline of the Company and a brief description of its business activities are stipulated and latest information is incorporated.

**Note:** W.S. 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&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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## Abbreviations

**DOC: Document of Compliance** - A certificate issued to a Company under the authority of the Government of a Flag State

**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))

**NKDOC:** a Certificate to certify the registration of the Company onto the "Register for Safety Management Systems" of ClassNK.

**NKSMC:** a Certificate to certify the registration of the Ship onto the "Register for Safety Management Systems" of ClassNK.

**Offices:** Branches and / or Offices of ClassNK

**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. 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 State 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 October 2016).

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.9 (PR.9) of IACS, which are based on the "Revised ISM Code\*" and the IMO Resolution A.1071(28) "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 twice as a new "Guidelines" (Res. A. 1071(28)).

In addition, please be advised that ClassNK is also prepared to conduct ISM Code Audits on the same basis as above for Ships and their managing Companies under a Flag State, who has not authorized ClassNK for ISM Certification, or who is a non-Contracting Government of the SOLAS Convention, and will issue Certificates which certify the registration of the Ships or Companies onto the "Register for Safety Management System" of ClassNK.

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

## 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, that may be issued to a Company, are as follows;

**(1) DOC:** A full-term Certificate issued under the authority of the Flag State Government.

**(2) Short-term DOC (including Short-term NKDOC)**

A short-term Certificate issued to cover the period until a full-term DOC is issued.

**(3) Interim DOC (including Interim NKDOC)**

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

**(4) NKDOC**

A full-term Certificate to certify the registration of the Company onto the “Register for Safety Management Systems” of ClassNK.

#### 2.1.1. DOC

DOC(s) shall be issued to a Company by the Flag State Government or the Head Office of ClassNK under the authority of the Flag State Government, upon successful completion of an Initial Audit after at least three months implementation of its SMS at the Company and of at least one ship of each ship type managed under the SMS. Therefore, 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. 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 next day of 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, relevant to the ship and endorsed for the annual audit, shall be placed on board of each ship covered by the SMS.

#### 2.1.2. Short-term DOC (including Short-term NKDOC)

Short-term DOC(s) valid for five months shall be issued to a Company on the last date of Audit by the auditor who has conducted the audit as a proof of satisfactory completion of the Initial Audit or Renewal Audit. In cases where a Company manages a ship(s) flying 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, a Short-term NKDOC shall be issued.

#### 2.1.3. Interim DOC (including Interim NKDOC)

An Interim DOC may be issued in the following two cases;

**(1) In the case of a newly established Company**

When a Company is newly established. (Hereinafter referred to as **a newly established Company**)

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

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

(Hereinafter referred to as **Addition of Ship Type**)



The Company is requested to submit the “SMS Implementation Plan” and the “SMS Manual and Procedures” (the parts related to added ship type, in the case of Addition of Ship Type). ClassNK shall conduct an interim document review, and Interim DOC shall be issued by an *Office* of ClassNK. In the case where a Company manages ship(s) flying a flag of a State who has not authorized ClassNK on the ISM Certification, or a flag of a State who is not a Contracting Government of the SOLAS Convention, an Interim NKDOC shall be issued.

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.

#### 2.1.4. NKDOC

A NKDOC shall be issued to each Company, when the Company has no DOC issued under the authority of a flag state, for which ClassNK has conducted a Company Audit, as a Certificate to certify the registration of the Company onto the “Register for Safety Management Systems” of ClassNK, by the Head Office.

### 2.2. Certificates issued to a Ship

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

**(1) SMC:**

A full-term Certificate issued under the authority of a Flag State Government.

**(2) Short-term SMC (including Short-term NKSMC)**

A short-term Certificate issued to cover the period until a full-term SMC is issued.

**(3) Interim SMC (including Interim NKSMC)**

An interim SMC is issued to a ship which has no practical operational experience of the SMS.

**(4) NKSMC**

A full-term Certificate to certify the registration of the ship onto the “Register for Safety Management Systems” of ClassNK.

#### 2.2.1. SMC

A SMC shall be issued to a ship, which is managed by a Company who is in possession of DOC or Short-term DOC (not Interim DOC) relevant to the Flag State, by the Flag State Government or the Head Office of ClassNK under the authority of the Flag State Government upon successful completion of an Initial Audit, after at least three months implementation of its SMS on the ship.

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 next day of 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.

#### **2.2.2. Short-term SMC (including Short-term NKSMC)**

A Short-term SMC valid for five months shall be issued to a ship on the last date of the Audit by the auditor who has conducted the audit, as a proof of satisfactory completion of an Initial Audit or a Renewal Audit. In cases where the ship 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, a Short-term NKSMC shall be issued.

#### **2.2.3. Interim SMC (including Interim NKSMC)**

An Interim SMC may be issued to a ship, which is managed by a Company who is in possession of DOC, Short-term DOC or Interim DOC relevant to the Flag State, by the auditor who has conducted the audit under the authority of the Flag State Government, upon completion of an Audit for issuing an Interim SMC, 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 as required by the new Administration when changing Flag.

In cases where a ship 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, an Interim NKSMC shall be issued. Otherwise, please be advised that an Interim SMC cannot be issued unless any item of above (1) to (4) is applicable.

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 Government grants permission to do so.

The ship shall undergo Initial Audit to obtain a SMC, or Additional Audit to verify compliance with the requirements of Flag State (in the case of (4) above) within the validity of the Interim SMC.

#### **2.2.4. NKSMC**

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 Head Office of ClassNK as a Certificate to certify the registration of the ship onto the “Register for Safety Management System” of ClassNK.

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

### **2.3.1. When a Major Non-conformity (MNC) is found**

When an MNC is found, no Certificate may be issued nor be endorsed. However, if the MNC is corrected or downgraded to DNC during the audit, DOC/SMC shall be issued or be endorsed. In this case, a corrective action plan to correct the DNC within three months is to be submitted to the auditor in charge within two weeks. Further the certificate shall become invalid, unless an Additional Audit is undertaken within three months, at the Company or onboard, to verify effective actions have been taken

### **2.3.2. When Non-conformities (NC) are found**

When NCs are found, a Certificate may be issued or be endorsed, provided the submission of a Corrective Action Plan within two weeks is agreed, which indicates a schedule not exceeding three months. In this case, the Certificate shall become invalid if the Corrective Action Plan is not submitted within two weeks. Otherwise, please be advised that, in cases of Audit for issuing an Interim DOC or Interim SMC, Certificates shall not be issued when a NC is found.

## **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 Government grants 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 Government grants 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 SMC(s) is required, in addition to an Additional Audit to rewrite the DOC.

### **2.4.3. Invalidation of a DOC**

A DOC shall become invalid when;

- (1) a Company has not undergone an Annual Audit in 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 for NCs are not completed within the agreed period of time;
- (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 five types;

**(1) Initial Audit:**

Shall be conducted to issue a DOC for a Company for the first time.

**(2) Audit for issuing Interim DOC:**

Shall be conducted to issue an Interim DOC for a newly established Company or a Company newly implementing its SMS who has not operated its SMS for three months or more, or to issue an Interim DOC for a Company to add a new ship type(s) which are not stated on the existing DOC.

**(3) Annual Audit:**

Shall be conducted every year between three months before and after each anniversary date (please refer to page ii)

**(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 five types;

**(1) Initial Audit:**

Shall be conducted to issue a SMC for a Ship for the first time.

**(2) Audit for issuing an Interim SMC:**

Shall be conducted to issue an Interim SMC for a ship which has not operated under the Company's SMS for three months or more.

**(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

An Application Form for Company Audit is available to download from “Download Application Forms”.

**“Application for Company Audits of SMS” (Form No. APPLI-C)**

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 also apply through e-Application, Web Service Portal on our web-site. Please refer to e-Application on our Home page.

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

**(1) Initial Audit**

The following documents shall be attached to the original of the Application.

- (a) Safety Management Manual (SMS Manual); 2 copies
- (b) Procedures related to SMS (including forms and checklist); 1 copy\*<sup>1</sup>
- (c) List\*<sup>3</sup> of Ship(s) of each ship type\*<sup>2</sup> covered by the SMS; 2 copies
- (d) Outline of the Company and its business activities\*<sup>4</sup>; 2 copies

\*<sup>1</sup>: 2 copies when the Procedures are not separate from the SMS Manual

\*<sup>2</sup>: Ship Type shall be in accordance with **“1. Ship Type and Application of the ISM Code”** (page 2)

\*<sup>3</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>4</sup>: The outline of the Company is to contain a description of such items as the 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.

**(2) Audit for issuing Interim DOC**

**(a) A newly established Company**

A **“SMS Implementation Plan”** shall be submitted in addition to the documents specified in (1) Initial Audit.

In this case, an auditor of ClassNK shall visit the Company in advance.

An **“SMS Implementation Plan”** shall include following items.

- ① Delivery date of SMS documents (ashore and ship)
- ② Implementation date of SMS (ashore and ship)
- ③ Scheduled date of Internal Audit (ashore and ship)
- ④ Scheduled date of Initial Audit by ClassNK (ashore and ship)

**(b) 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 stated on the existing DOC, the Company is requested to submit “revised parts of SMS Manual, Procedures”, “List of Ship(s)” and “SMS Implementation Plan” related to the ship type(s) in question.

**(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.

**Note:1** Please be advised that there are some Flag States which require the application or authorization either from ClassNK or the owner prior to execution of the Audit. (Please refer to the “*List of Delegation granted by Flag states*”.)

**Note:2** In the case of a Follow-up Audit for a managing Company of Japanese ship, please apply using Form CAP-J (Refer to 6.3). In this case an Application Form is not necessary.

**Note:3** Any Application for new entry, i.e. Initial Audit, 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.

**3.4.2. Application for Shipboard Audit**

The Company is requested to 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. You can also apply through e-Application, Web Service Portal on our web-site. 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.

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

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

- (a) A copy of a valid DOC (In the case of DOC issued by other than ClassNK. Interim DOC is valid only for Audit to issue Interim SMC)
- (b) A copy of “Ship Inspection Certificate” in the case of Japanese flag ship
- (c) 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.

**(2) Additional Audit**

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

**Note:1** A valid DOC means DOC\*<sup>1</sup>, Short-term DOC\*<sup>1</sup> or Interim DOC\*<sup>1</sup> (applicable only for Audit to issue Interim SMC) for the ship shall be attached. Valid for the ship 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\*<sup>2</sup> indicated on DOC coincides with the ship;
- (d) DOC is valid in terms of period; and
- (e) DOC is endorsed for necessary annual audit.

\*<sup>1</sup>: DOC issued by Flag State (including Contracting Government requested by Flag State) or issued by an IACS Society under the authority of Flag State Government is acceptable. But in this case, the Company is kindly requested to submit a copy of the DOC, SMS Manual and List of Procedures prior to the first Shipboard Audit. And please be advised that DOC issued by any Organization other than IACS Society nor Flag Administration is not acceptable.

\*<sup>2</sup>: Ship Type shall be in accordance with **"1. Ship Type and Application of the ISM Code"** (page: 2)

**Note:2** Please be advised that there are some Flag States which require the application or authorization either from ClassNK or the owner prior to execution of the Audit. (Please refer to the "List of Delegation granted by Flag states".)

**Note:3** In the case of a Follow-up Audit for a Japanese ship, please apply using Form CAP-J (Refer to 6.3). In this case an Application Form is not necessary.

**Note:4** Any Application for Shipboard Audit for a ship classed with an IACS Society (refer to page ii) 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.

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

When a Company wishes ClassNK to take over a DOC/SMC issued by another IACS Society (hereunder referred as the **"Losing Society"**), the Application is to be forwarded to the Ship Management Systems Department (SMD), Head Office of ClassNK, attaching the documents listed below, at least one week in advance. This is because it will take at least one week, 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) 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 shall be valid for the same period as the previous one.

## **4. Company Audit**

### **4.1. Initial Audit of Company**

Regarding the Initial Audit of a Company, a document review, 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.

#### **4.1.1. Document Review**

A nominated 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 forward 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.

#### **4.1.2. 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 standard duration for the Initial Audit on site shall be generally "2 man-days" (i.e. 2 auditors x 1 day or 1 auditor x 2 days). In the case of a Company where the number of relevant employees who carry out or have responsibility to the SMS of the Company ashore are twenty or less, the duration for the Initial Audit may be reduced to



“1 man-day” (i.e. 1 auditor x 1 day). The member(s) of top management are kindly requested to attend the Opening and Closing meetings.

- (3) The following items shall be verified through the meetings and interviews.
- (a) The SMS has been in operation satisfactorily for three months or 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.

## 4.2. Audit for issuing Interim DOC

### 4.2.1. 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 auditor of an *Office* having jurisdiction over the area of the Company shall visit the Company, and shall ask some questions. In addition, the auditor shall confirm the contents of the “SMS Implementation Plan”, which is described in 3.4.1(2) (a).
- (2) An interim document review shall be conducted at the Head Office of ClassNK.
- (3) Interim DOC shall be issued from the *Office*, upon completion of the interim document review.
- (4) 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 Audit on site. In this regard, the Application for the Initial Audit should be forwarded one month before the intended date.

### 4.2.2. 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 stated 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 indicating only the new ship type(s) shall be issued from the *Office*, upon completion of above verification.
- (3) 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.

#### **4.3. 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) of the *Office* having jurisdiction over the area of the Company shall visit the Company, and shall conduct the Audit in the same way as corresponding to paragraph 4.1.2. 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, marine casualty and the like, when more than three months has passed since it was pointed out. 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. This verification shall include re-verification for the DNC to which verification has been concluded through the "Additional Audit for DNC" (refer to 6.2), and also for NCs raised against Japanese ships and their managing Companies on which "Follow-up Audits" (refer to 6.3, (3)) have been concluded.
- (3) The standard duration for an Annual Audit shall be identical with the Initial Audit, provided the Company is free from PSC detention and/or marine casualty after the previous Company Audit and there are no NCs to be verified. In the case of 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) Auditor(s) of the *Office* having jurisdiction over the area of the Company shall visit the Company, and shall conduct the Audit. The standard duration for a Renewal Audit shall be common with the annual audit.
- (3) The audit shall be conducted in same way corresponding to paragraph 4.1.2. The scope of Audit is to cover all area of the SMS, and principally is to verify if the SMS is being properly implemented or not.
- (4) The verifications specified in (2) of "4.3 Annual Audit of Company" shall be executed in the same way. 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 State considers it is necessary to request an Additional Audit in view of the nature of the NC with regard to the SMS of the Company or Ship(s).
- (3) When an Interim DOC related to addition of ship type is changed to Short-term 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 *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 ship’s Flag is changed to a new Flag State, or when a Company commences management of a ship under a new Flag State, if the Company is not in possession of DOC or Short-term 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) Short-term DOC shall be issued from the *Office* upon verification of the requirements of the new Flag State.

**Note:** Please be advised that there are some Flag States, which require on site Company Audit and/or to issue an Interim DOC in this case.

#### 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. An auditor of the Office shall conduct an Additional Audit at the Company's premises, and issue a Short-term 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. Head Office of ClassNK will issue full-term DOC and full-term 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 Government or an IACS Society other than ClassNK, the Company is requested to send a letter (free form) to Ship Management Systems Department, Head Office 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. 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 the validity of a copy of DOC or Short-term DOC placed onboard (refer to 3.4.2 Note (1)). When a copy of valid DOC or Short-term DOC is not placed onboard, the Shipboard Audit should not be conducted.

\*<sup>1</sup>: 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.

- (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 Short-term or 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.

\*<sup>1</sup>: 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 Government of the Flag State 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).
- (3) When a ship's Flag is changed. (Refer to 5.5)
- (4) When a ship's particulars such as ship's name are changed.
- (5) When the Company requests reinstatement of an invalidated SMC.

- (6) At the extension of the Interim SMC (Application must be accompanied by an Authorization letter issued by the Flag Government.)
- (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.

#### 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

- (1) When a ship’s Flag has been changed, without a change of the Company, an Auditor shall visit the ship and conduct an Additional Audit to verify the following items.
  - (a) A copy of valid DOC\*<sup>1</sup> or Short-term 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>: As for the validity of DOC, please refer to 3.4.2 Note (1).

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.

- (2) The Auditor shall issue a Short-term SMC upon completion of verification of above items. Please be advised that there are some Flag States, which require issuing of an Interim SMC in this case.

## 6. Correction of MNC & NC (common for Company and Shipboard Audits)

### 6.1. Reporting of NCs and Corrective Actions

- (1) When situation where objective evidence indicates the non-fulfillment of a specified requirement is observed, NC will be raised. The auditor will present it to the shipmaster, DPA and/or other Company's representatives.  
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, MNC will be raised distinctively from non-major 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) Actions required to address any nonconformity effectively has the following components:
  - (a) Correction or remedy of the specific NC item, e.g. repair of wasted and holed fire dampers;
  - (b) Seeking out and correct any other similar instances of NC;
  - (c) Finding out root causes of the NC
  - (d) Corrective actions for the prevention of recurrence
    - ① The elimination of the root cause is required
    - ② Review of the SMS and internal audit may be required particularly in the case of MNCs

To find out root causes, "why-why" technique is useful,

Example;

- (1) Why the damaged fire dampers were left unattended? Because the defects were not detected.
- (2) Why the defects were not detected? Because inspection of the dampers had never been conducted.
- (3) Why the inspections had never been conducted? Because the crew was not aware that the inspection was required.
- (4) Why the crew was not aware that the inspection was required?
  - (a) Because the item was not included in the maintenance plan.  
(In this case, review and revision of the maintenance plan is required.)
  - (b) Because the crew was not provided with sufficient training.  
(In this case, retraining of the crew is required. Review and revision of training plan may be found necessary if further questions are made.)

### 6.2. Follow-up for MNCs

When an MNC is identified, for the MNC to be downgraded, remedial actions to correct the deficiencies on which the MNC is based such as repairs of damaged equipment should be immediately taken to the satisfaction of the auditor.

In this case, the auditor enters the contents of the MNC found, what was done to downgrade the MNC and what DNC remains, onto the first, second and third square frames of a separate Form MNC as shown below, for each MNC. Auditor requires submission of the corrective action plan within two weeks against the DNC, namely a schedule not exceeding three months from the completion date of the audit using the Form CAP which is in common with form for the usual NC.



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In this case, an Additional Audit to verify whether effective actions are taken (hereunder referred as “Additional Audit for DNC”) is required within three months. The due date of the same shall be agreed and entered onto the underlined part at the forth frame. The signature of the DPA (or the Master in cases of Shipboard Audit) and auditor shall be put onto the forth frame.

**Major Non-conformity Note for SMS**

<b>Record No.</b>	<b>Company’s Name: ABC Shipping Co., Ltd.</b>	<b>C.ID.= 0123</b>	<b>Sheet No.</b>
16 XX 0123	Ship’s Name: “ABC ACE”		1 / 1
<b>Major Non-conformity</b> <b>SMS Manual Ref. No. ...Chapter 10.5.....</b> <b>ISM Code Ref. No. ....10.1....</b> (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)			
<ol style="list-style-type: none"> <li>1. Starboard side shell plate of Lifeboat (p-side) was holed at middle depth around half-length.</li> <li>2. The brake pads of the Boat Davit Winches were heavily wasted, and the crew had overlooked this waste.</li> <li>3. The damage listed above had not been reported to the company by the Master.</li> </ol>			
<b>This Major Non-conformity was downgraded by following countermeasure(s)</b>			
<ol style="list-style-type: none"> <li>1. The fact of the holed shell plate of Lifeboat was reported to the Administration by the Company.</li> <li>2. An additional Life raft (20 persons) was provided on board according to the Administration’s Instructions.</li> <li>3. The brake pads of the Boat Davit Winches were replaced with new ones by ship’s hands.</li> <li>4. Repair of the damaged Lifeboat has been arranged at the next port by the Company.</li> </ol>			
<b>Downgraded Non-conformity (DNC)</b>			
<ol style="list-style-type: none"> <li>1. Inspections have not been held at appropriate intervals as per the SMS. (Code 10.2.1)</li> <li>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)</li> </ol>			
<b>Corrective Action Plan</b>			
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 the Designated Person ashore.			
Corrective actions shall be scheduled to be completed within three (3) months.			
An Additional Audit shall be conducted to verify effective actions are taken in accordance with Corrective Action Plan for DNC by <u>24 April 2016.</u>			
<i>Signature</i> (Signed) _____ ( Mr. Kaiji ) <b>Auditor to NK</b>		<i>Signature</i> (Signed) _____ ( Captain ABC ) <b>Designated Person* / Master*</b>	

\* Delete as appropriate

**The Society shall proceed to invalidate the relevant DOC/SMC, unless the Downgraded Non-conformity (DNC) above is resolved within three months.**

**This report will be submitted to Flag State and DOC Issuer according to IACS Procedural Requirements No.9. Form MNC**

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.

Full term DOC/SMC cannot be issued, unless the Additional Audit for DNC is completed. Also, when any DNC could not be resolved within three months, the Society shall invalidate the DOC/SMC issued in the past.

**6.3. Follow-up for non-major NCs**

(1) When NCs are found, the auditor shall prepare Form NCN as shown below, and hand it over to the DPA or the Master in cases of Shipboard Audit together with a blank form for “Corrective Action Plan” (Form CAP).

The Company is requested to submit the Form CAP to the auditor in charge within two weeks, after completing it, namely after entering a schedule not exceeding three months for implementation of the necessary corrective actions onto the same. Please be advised that if the same could not be submitted by the specified date, it may cause termination of ISM registration and invalidation of Certificates. In cases of Shipboard Audit, the Form CAP shall be submitted via the DPA.

For Japanese ships and/or their managing Company, please refer to (3) “In the case of Japanese ships and/or their managing Companies”.

Record No.			Non-conformity Note for SMS	Sheet No.
16	XX	0123		1/1
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. (Objective Evidences) 1. 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. (Objective Evidences) 1. The SMS requires that Master should review the SMS and report its deficiencies to the Company once per three months. 2. 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. (Objective Evidences) 1. Ship’s departure operations at the last port were not carried out as per the Procedures. 2. 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. (Objective Evidences) 1. Able seaman B said that he did not participate in fire drills for the past two months. 2. 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 SMS properly. (Objective Evidences) 1. Fuel oil soaked the ragging around FO purifier at the time of audit. 2. 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

**(2) Entry onto the Form CAP**

“Corrective Action Plan (Form CAP)” is established to utilize for both DNC and NC. When there are DNC and NC at the same audit separate Form CAPs for DNC and NC shall be prepared. As for Form CAP, it is not necessary to describe individual corrective actions separately for each NC item on the Form NCN. It is usually enough to submit one sheet of Form CAP for an Audit. Even though several NCs may be raised at an Audit, their root causes should be not so many. Therefore, you need not to mention so many items on the “Corrective Action Plan”. As shown in the example below, the items to be mentioned may be limited to a small number, i.e. “Investigation of root (specific) causes”, “Tentative measures for improved safety”, “Company’s Instructions”, “Re-education of personnel concerned”, “Extraordinary internal audit” and “Issue of internal Circular”. Each item shall be supplemented with a scheduled date, and the Plan shall be scheduled so as to complete all items within three months. If the description overflows the frame, attach a sheet (free form) to describe them, while noting at the end “To be continued on the attached sheet”. Please be advised that there is a tendency, if corrective actions for each NC are described individually, the investigation and analysis of root causes becomes superficial. The corrective actions to be taken may be concluded as, for example, to repair the broken equipment or to execute the drill, which were not done, as in “Recommendations at Survey” in 6.1. In this case, the corrective actions do not link to the goals, as intended by the ISM Code, i.e. “Investigation and analysis with the objective of improving safety and pollution prevention” (Code 9.1) and “Review of the SMS” (Code 12.2).

*Record No.*  
**16 XX 0123**

To: Class NK Kaiji Office (Fax. No. +12-3456789)

Attn: Mr. Kaiji (Auditor)

<b>Company’s Name:</b> ABC Shipping Co., Ltd.	<b>ID No.</b> 0XYZ
<b>Ship’s Name:</b> ABC ACE	<b>Master’s Name:</b> Capt. ABC

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

**Date:** 1<sup>st</sup> Feb. 2016  
**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;

<b><i>Please itemize actions to be taken together with scheduled date of each action.</i></b>
Investigations for NC or DNC: Detail of investigation for the NC by the Company
Identification of Root Cause of NC or DNC: (Insufficient awareness of the Master and senior Officers of the SMS.) (Insufficient inspections of the pipe lines by crew members.)
Tentative measure for NC or DNC: (Re-education of the ship’s personnel by shore staff shall be done by 20 April 2016.) (Repair of the F.O. soaked ragging by ship’s hand at once.)
Preventive measure for recurrence of NC or DNC: (An internal Information Circular shall be issued to all ships under management of the company by 20 April 2016.)
Verification of effectiveness preventive measure: (An extraordinary Internal Audit shall be conducted by 20 April 2016.) (The review of the SMS Manuals and Procedures will be studied at the Management Review Meeting.)
<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.

This sheet(s) shall be submitted to the Auditor by 8 Feb. 2016. (within two(2) weeks)

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

Full-term DOC/SMC shall not be issued unless this sheet is submitted to the Auditor.

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

When the *Office* receives “Corrective Action Plan (Form CAP)”, a “Receipt (Form RAP)” shall be forwarded to the Company from that *Office*, upon satisfactory verification by the auditor in charge. In cases of Shipboard Audits, the final copy of Form CAP, verified by the auditor in charge, shall be sent to the ship (by Fax or e-mail) for retention. The effectiveness of the corrective actions for NCs, including those raised at Shipboard Audit, shall be verified by ClassNK auditors 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.

**(3) 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 fax or 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 three 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 Fax or 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. MNCs or 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.
  - (c) at least tentative corrective action plan for both immediate corrections and corrective actions for the prevention of recurrence, which should be further considered and agreed by the attending auditor.
- (2) The Company should arrange corrections of the physical or operational deficiencies on which the ISM deficiencies are based, e.g. repairs of hull construction and equipment, provision of necessary documents. The Company should also investigate root causes of the ISM deficiencies and draw up corrective action plan for the prevention of recurrence. (Please see guidance given in para.6.1 and 6.2 above.)
- (3) The Society's auditor should perform the additional audit to verify appropriate corrections and effective action plan (within maximum three months) for the prevention of recurrence and issue 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 complete the planned corrective actions in advance for another additional audit to be conducted by the Society's auditor before the date for the verification of effective corrective actions.

### 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..