

# – CLASSIFICATION NEWS

April 21, 2010

No. 12/2010

**STATUTORY ALERT** Changes to the International Safety Management (ISM) Code – effective July 1, 2010

**APPLICABILITY** All Companies as defined in the ISM code

**INFORMATION** Changes to the International Safety Management (ISM) Code, introduced by IMO Resolution MSC.273(85), will come into effect on July 1, 2010. While some of the changes are editorial, others introduce new requirements or make explicit some of the previously implicit requirements of the ISM Code.

**What has been amended?**

Guidance on implementation of the changes is attached to this Classification News, along with a copy of Resolution MSC.273(85).

The following is a summary of the changes:

Clause 1.1.10 – the definition of a major non-conformity now makes clear that this can be either a lack of effective and systematic implementation of a requirement of this Code or an identifiable deviation that poses a serious threat to the safety of personnel or the ship or a serious risk to the environment that requires immediate corrective action.

Clause 1.2.2. – the objectives now explicitly require assessment of all identified risks to the Company's ships, personnel and the environment; the requirement to establish appropriate safeguards remains.

Clause 5.1.5. – the Master's responsibility to review the Safety Management System (SMS) and report its deficiencies to the shore based management now needs to be periodic.

Clause 7 – the requirement to establish procedures for key shipboard operations has now been rephrased to concern the safety of the ship and protection of the environment and now also includes the safety of personnel.

Clause 9.2 – the requirement for implementation of corrective action now specifically includes measures intended to prevent recurrence.

Clause 12.1 – internal safety audits are now required to be carried out on board and ashore at intervals not exceeding twelve months; in exceptional circumstances this can be exceeded by three months.

Clause 12.2 – the Company evaluation of the safety management system is now required to address the effectiveness of the system.

Clause 13 – new paragraphs have been introduced to bring International Safety Management Certificates into line with the provisions in SOLAS relating to the extension of statutory certificates.

Clause 14.4.3 – now clearly states it is an internal audit which must be held within three months of the interim audit.

Clauses 8.1 and 10.3 – editorial changes only.

*Continued overleaf*

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LIFE MATTERS

**Guidance on implementation of the changes to the ISM Code detailed in Resolution MSC.273(85) – effective July 1, 2010**

Clause	Change	Guidance for Companies on Implementation
1.1.10	Revised definition of a major non-conformity	Companies should review their own definitions of findings and if necessary align these with the revised definition of a major non-conformity in the Code
1.2.2.	Explicit requirement for assessment of all identified risks to its ships, personnel and the environment and establishing appropriate safeguards	<p>The requirement for risk management is included in the objectives clause of the ISM Code and as such it should be seen as a provision that underlies and supports the entire Code.</p> <p>Companies must ensure that they can demonstrate that they have</p> <ul style="list-style-type: none"> <li>- carried out a systematic review of their operations,</li> <li>- identified where things may go wrong,</li> <li>- developed and implemented adequate controls and safeguards as part of their Safety Management System</li> </ul> <p>Companies should ensure that</p> <ul style="list-style-type: none"> <li>- their policies concerning risk management are documented;</li> <li>- procedures and instructions are in place for the risk assessment methods chosen;</li> <li>- the associated responsibilities and authorities are clearly defined;</li> <li>- adequate training and guidance have been provided to individual members of staff according to the extent and level of their involvement in the risk management process;</li> <li>- records of the risk assessments carried out are maintained.</li> </ul> <p>Where a company has not previously carried out or documented the risk assessment for all operations and activities, they now need to formally review the existing management system. They should ensure all related risks have been adequately addressed. Further risk assessments need to be carried out where it is identified that the existing controls do not provide safeguards for all identified risks.</p> <p>The specific requirement to carry out risk assessments does not mean that companies must employ a single, formal risk assessment methodology. Depending on the nature and complexity of the operation under consideration, they may adopt many different approaches. This can range from the most detailed quantitative evaluations to much less formal qualitative assessments based on table-top exercises or direct observation of the activities concerned. Where appropriate, a company may decide to rely on generic industry guidance. The methods used need to be aligned with the company's objectives and appropriate to their operations. Evidence is to be available to show how and when the assessment was carried out.</p> <p>The extent to which individuals on board and ashore are involved in and have responsibility for the conduct of risk</p>

		<p>assessments can vary per organisation and for different operations and activities. The company should ensure that the (team of) individuals carrying out the assessment are involved in the operation under consideration and have a good understanding of the risk assessment method used.</p> <p>Records of the risk assessments may take many forms, including minutes of meetings, observation notes, hazard registers, risk matrices, and so on.</p>
5.1.5.	the Master's responsibility to review the SMS and report its deficiencies to the shore based management now needs to be periodic	<p>Companies need to ensure that the SMS review by the Master is required at regular intervals. A formal Master's Review at the defined intervals does satisfy this clause.</p> <p>It is recommended that the formal review is not treated as an isolated activity. It should be a summary of continual feedback to the company through a variety of mechanisms, for instance safety committee meeting minutes, suggestions and complaints from crew members, follow up reports for accidents, incidents, non-conformities, deficiencies, wash up meetings for drills, etc.,</p>
7	Clarification that key shipboard operations concern the safety of the ship and protection of the environment and now also includes the safety of personnel	<p>Companies need to ensure all 3 aspects have been addressed in their existing management system, i.e.:</p> <ul style="list-style-type: none"> <li>- safety of the ship</li> <li>- safety of personnel</li> <li>- protection of the environment</li> </ul>
8.1		Editorial change
9	Corrective action is to include measures intended to prevent recurrence	<p>Companies need to ensure that their procedures and practises for corrective action are aligned with this requirement.</p> <p>The measures taken to avoid recurrence should address the root cause of the non-conformity, accident or hazardous occurrence. An effective root cause analysis is needed before the corrective action is defined and implemented.</p>
10.3		Editorial change
12.1	Internal safety audits are to be carried out on board and ashore at intervals not exceeding twelve months, in exceptional circumstances this can be exceeded by 3 months	<p>Companies need to ensure that their internal ship and office audits are scheduled and carried out at intervals not exceeding 12 months.</p> <p>An effective system needs to be in place to control the due dates, plan the audits and manage the postponements allowed under exceptional circumstances.</p>

12.2	Company evaluation of the effectiveness of the safety management system	<p>Companies need to ensure that their evaluation of the management system addresses the effectiveness not the efficiency.</p> <p>The following guidelines from MSC-MEPC 7/Circ 5 are to be taken into account:</p> <p><i>Management reviews support companies' efforts in achieving the general safety management objectives as defined in section 1.2.2 of the ISM Code. Based upon the results of such reviews, the Company should implement measures to improve further the effectiveness of the system. The review should be performed on a periodical basis or when needed, e.g., in case of serious system failures. Any deficiencies found during the management review should be provided with appropriate corrective action taking into account the Company's objectives. The results of such reviews should be brought to the attention of all personnel involved in a formal way. The management review should at least take into account the results of the internal audits, any non-conformities reported by the personnel, the masters reviews, analysis of non-conformities, accidents and hazardous occurrences and any other evidence of possible failure of the SMS, like non-conformities by external parties, PSC inspection reports, etc.</i></p> <p>Companies should consider how they measure the effectiveness of the safety management system and how they review whether improvements implemented are effective.</p>
13	New paragraphs are introduced to bring International Safety Management Certificates into line with the provisions in SOLAS relating to the extension of statutory certificates.	No action required by the Company
14	An internal audit must be held within 3 months of the interim audit.	Editorial change only

**ANNEX 8****RESOLUTION MSC.273(85)  
(adopted on 4 December 2008)****ADOPTION OF AMENDMENTS TO THE INTERNATIONAL MANAGEMENT CODE  
FOR THE SAFE OPERATION OF SHIPS AND FOR POLLUTION PREVENTION  
(INTERNATIONAL SAFETY MANAGEMENT (ISM) CODE)**

THE MARITIME SAFETY COMMITTEE,

RECALLING Article 28(b) of the Convention on the International Maritime Organization concerning the functions of the Committee,

NOTING resolution A.741(18), by which the Assembly adopted the International Management Code for the Safe Operation of Ships and for Pollution Prevention (International Safety Management (ISM) Code) (hereinafter referred to as “the ISM Code”), which has become mandatory under chapter IX of the International Convention for the Safety of Life at Sea (SOLAS), 1974 (hereinafter referred to as “the Convention”),

NOTING ALSO article VIII(b) and regulation IX/1.1 of the Convention concerning the procedure for amending the ISM Code,

HAVING CONSIDERED, at its eighty-fifth session, amendments to the ISM Code proposed and circulated in accordance with article VIII(b)(i) of the Convention,

1. ADOPTS, in accordance with article VIII(b)(iv) of the Convention, amendments to the ISM Code, the text of which is set out in the Annex to the present resolution;
2. DETERMINES, in accordance with article VIII(b)(vi)(2)(bb) of the Convention, that the amendments shall be deemed to have been accepted on 1 January 2010 unless, prior to that date, more than one third of the Contracting Governments to the Convention or Contracting Governments the combined merchant fleets of which constitute not less than 50% of the gross tonnage of the world’s merchant fleet, have notified their objections to the amendments;
3. INVITES Contracting Governments to note that, in accordance with article VIII(b)(vii)(2) of the Convention, the amendments shall enter into force on 1 July 2010 upon their acceptance in accordance with paragraph 2 above;
4. REQUESTS the Secretary-General, in conformity with article VIII(b)(v) of the Convention, to transmit certified copies of the present resolution and the text of the amendments contained in the Annex to all Contracting Governments to the Convention;
5. FURTHER REQUESTS the Secretary-General to transmit copies of this resolution and its Annex to Members of the Organization, which are not Contracting Governments to the Convention.

ANNEX

**AMENDMENTS TO THE INTERNATIONAL MANAGEMENT CODE FOR  
THE SAFE OPERATION OF SHIPS AND FOR POLLUTION PREVENTION  
(INTERNATIONAL SAFETY MANAGEMENT (ISM) CODE)**

**1 GENERAL**

**Section 1.1 Definitions**

1 In paragraph 1.1.10, the words “and includes” are replaced by the word “or”.

**Section 1.2 Objectives**

2 The existing subparagraph .2 of paragraph 1.2.2 is replaced by the following:

“2 assess all identified risks to its ships, personnel and the environment and establish appropriate safeguards; and”.

**5 MASTER’S RESPONSIBILITY AND AUTHORITY**

3 The word “periodically” is added at the beginning of paragraph 5.1.5.

**7 DEVELOPMENT OF PLANS FOR SHIPBOARD OPERATIONS**

4 The existing section 7 is replaced by the following:

**“7 SHIPBOARD OPERATIONS**

The Company should establish procedures, plans and instructions, including checklists as appropriate, for key shipboard operations concerning the safety of the personnel, ship and protection of the environment. The various tasks should be defined and assigned to qualified personnel.”

**8 EMERGENCY PREPAREDNESS**

5 The existing paragraph 8.1 is replaced by the following:

“8.1 The Company should identify potential emergency shipboard situations, and establish procedures to respond to them.”

**9 REPORTS AND ANALYSIS OF NON-CONFORMITIES, ACCIDENTS  
AND HAZARDOUS OCCURRENCES**

6 The existing paragraph 9.2 is replaced by the following:

“9.2 The Company should establish procedures for the implementation of corrective action, including measures intended to prevent recurrence.”

## **10 MAINTENANCE OF THE SHIP AND EQUIPMENT**

7 In paragraph 10.3, the words “establish procedures in its safety management system to” are deleted.

## **12 COMPANY VERIFICATION, REVIEW AND EVALUATION**

8 Paragraph 12.1 is replaced by the following:

“12.1 The Company should carry out internal safety audits on board and ashore at intervals not exceeding twelve months to verify whether safety and pollution-prevention activities comply with the safety management system. In exceptional circumstances, this interval may be exceeded by not more than three months.”

9 In paragraph 12.2, the words “efficiency of and, when needed, review” are replaced by the words “effectiveness of”.

## **13 CERTIFICATION AND PERIODICAL VERIFICATION**

10 The following new paragraphs 13.12, 13.13 and 13.14 are added after the existing paragraph 13.11:

“13.12 When the renewal verification is completed after the expiry date of the existing Safety Management Certificate, the new Safety Management Certificate should be valid from the date of completion of the renewal verification to a date not exceeding five years from the date of expiry of the existing Safety Management Certificate.

13.13 If a renewal verification has been completed and a new Safety Management Certificate cannot be issued or placed on board the ship before the expiry date of the existing certificate, the Administration or organization recognized by the Administration may endorse the existing certificate and such a certificate should be accepted as valid for a further period which should not exceed five months from the expiry date.

13.14 If a ship at the time when a Safety Management Certificate expires is not in a port in which it is to be verified, the Administration may extend the period of validity of the Safety Management Certificate but this extension should be granted only for the purpose of allowing the ship to complete its voyage to the port in which it is to be verified, and then only in cases where it appears proper and reasonable to do so. No Safety Management Certificate should be extended for a period of longer than three months, and the ship to which an extension is granted should not, on its arrival in the port in which it is to be verified, be entitled by virtue of such extension to leave that port without having a new Safety Management Certificate. When the renewal verification is completed, the new Safety Management Certificate should be valid to a date not exceeding five years from the expiry date of the existing Safety Management Certificate before the extension was granted.”

## **14 INTERIM CERTIFICATION**

11 In paragraph 14.4.3, the word “internal” is inserted after the words “planned the”.

**Appendix**

**Forms of the Document of Compliance, the Safety Management Certificate,  
the Interim Document of Compliance and the Interim Safety Management Certificate**

**SAFETY MANAGEMENT CERTIFICATE**

12 The following new form is added after existing form of “ENDORSEMENT FOR INTERMEDIATE VERIFICATION AND ADDITIONAL VERIFICATION (IF REQUIRED)”:

“Certificate No.

**ENDORSEMENT WHERE THE RENEWAL VERIFICATION  
HAS BEEN COMPLETED AND PART B 13.13 OF  
THE ISM CODE APPLIES**

The ship complies with the relevant provisions of part B of the ISM Code, and the Certificate should, in accordance with part B 13.13 of the ISM Code, be accepted as valid until .....

Signed .....  
(Signature of authorized official)  
Place .....  
Date .....

*(Seal or stamp of the authority, as appropriate)*

**ENDORSEMENT TO EXTEND THE VALIDITY OF THE  
CERTIFICATE UNTIL REACHING THE PORT OF  
VERIFICATION WHERE PART B 13.12 OF THE ISM CODE APPLIES  
OR FOR A PERIOD OF GRACE WHERE PART B 13.14 OF  
THE ISM CODE APPLIES**

This Certificate should, in accordance with part B 13.12 or part B 13.14 of the ISM Code, be accepted as valid until .....

Signed .....  
(Signature of authorized official)  
Place .....  
Date .....

*(Seal or stamp of the authority, as appropriate)”*

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