



Management Review

2016

Brett McElligott, HSEQ Manager
Grindrod Shipping

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Date of Review

Date: 27-29 March 2017

The Management Review was chaired by General Manager and attended by following members.

Quentin Foyle

Hilton Stroebe

Rajaraman Krishnamoorthy

Rodney Holmes

Denver Mariano

Henry Dayo

Ronnie Paguirigan

Ren Carino

Joey Baluyot

Review of previous Management Review (2015)

Report of Previous Management Review (2015) were reviewed and found satisfactory. No outstanding issues were noted.

Review of the Action Plan for year 2015

S.NO	Item	PIC	Target date	Status
1	Enhance safety culture on board through monthly campaigns and upload the same in SHEQ website	DPA	MONTHLY	Commenced and will be implemented every month
2	Promote health bulletins on monthly basis and upload the same in SHEQ website	DPA	MONTHLY	Commenced and will be implemented every month
3	Provide key arrangement for Hypermist system so that it is always in auto mode	Henry	March 2016	completed
4	Provide DNV navigator to all vessels	Ren	March 2016	completed

5	Provide DNV watch keeping software to all vessels for effective management of rest hours	Ren	March 2016	completed
6	Apply extension from USCG for ballast water treatment system for all vessels	DPA	March 2016	completed
7	ECDIS to be installed on all vessels prior compliance date	Rodney	2018	completed
8	Implement audit module , PSC module and technical inspection module on Bassnet	DPA	From Jan 2016	completed
9	Identify on the job training needs for various shipboard activities and promulgate the same to fleet.	DPA	Occasional	completed
10	Provide seagull CBT for newly delivered vessels	Ren	Delivery of each vessel	completed
11	Takeover of 4 new buildings and increase fleet size to 22 vessels by end 2016	Quentin	Dec 2016	completed
12	Increase office staff resource levels considering fleet size	Hilton	June 2016	Completed
13	Review manning levels of all vessels in the fleet as required by MPA circular	DPA	March 2016	completed
14	Review chapter on critical equipment in company SMS	Rodney/Joey	March 2016	completed
15	Ship managers to attended Internal auditors course conducted by authorized institutes	Hilton	June 2016	completed
16	Install VFD on IVS Tembe	Per	Dec 2016	completed

Vision and Mission Statement

VISION STATEMENT

To continue to be a significant and profitable international ship-owner and operator with a growing fleet of modern and flexible ships.

MISSION STATEMENT

To provide high quality shipping services across the sectors in which the division participates and be the carrier and partner of choice for Blue Chip customers.

Safety & Environmental Protection Policy and Objectives

Grindrod Shipping PTE. Ltd is a leading global provider of shipping operations. It is recognised that our services, lead to an improved quality of life.

It is Grindrod Shipping's policy to:

- *Care for its people and provide safe and healthy working conditions;*
 - *Protect and conserve the environment in which we operate;*
 - *Maintain the highest standard of integrity; and*
 - *Provide our customers with services that most closely meet their requirements and expectations.*
-

Senior Management Message to the Fleet

Good Day

I have been reviewing our safety performance for the last year, and note our achievements.

I note our Safety culture and safety maintenance needs to be re enforced.

I am also concerned in the results of some of our inspections. There have been too many reports of poor paperwork, poor attention to detail, and poor record keeping.

Safety

The old statement that “the safety race has no finish line” is as true as ever. Safety is always a “job in progress”. It needs to be driven from myself, through management (DPA’S Ship Managers Marine Superintendents, Master’s and CEO’s).

I attended a meeting where the CEO of Shell Shipping arm, Dr. Grahaeme Henderson a statement **“The safety YOU want is the safety YOU get”**

On the surface that does not appear to be a profound statement.

If you think about it a little longer, you realise that it is so true. If you accept a safety standard, you are defining a base line. If you challenge a poor safety standard, you set a new higher base line.

If you really believe in safety, you will not rest until it is carried out to the standard acceptable to you.

If you accept unsafe practice “because it will never change” or “it is not my job” or “we have always done it this way” – then you are part of the problem! You need to challenge the “normal” until you are comfortable that the safety level is acceptable.

Safety is not only about writing manuals, procedures, supplying PPE and filling in checklists. It is about thinking and working to save limbs, lives, and property. It is about ensuring people get home to their families, physically and mentally sound.

The coward amongst us will accept a standard that is below what he knows is right, and he knows is the industry standard. It is easier to go with the flow, than to stand up and question poor safety practice.

I ask you to review the way you approach safety aboard your vessel (and indeed in your life). Stand up and be counted. Be the individual who saves the next person the unfortunate experience of being a victim to injury, or worse loss of life.

As a Senior Officer aboard, it is also your moral duty to ensure the Junior Officers and Crew are schooled in the importance of safety. Sometimes an informal discussion of an observed unsafe practice with a junior officer or crew member can have a profound influence on the way they approach tasks aboard in future. It could save their, or their ship mates lives one day. Not all training needs to be in a structured training environment.

Record Keeping

Our Maritime environment is one of the most regulated industries in the world. The result of this it is common knowledge that a number of inspections will be carried out aboard during the vessel trading year. These inspections will be from Flag (normally carried out by Class), Classification Society, PSC, Charterers, Marpol Inspectors, Technical Inspections, Terminal Inspections, and many more.

Each one of these will be check different aspect of the ship, but ALL will require to check and validate records of compliance.

It is important that records kept aboard are accurate, sufficiently informative, up to date and most important – in the right log.

All too often this is not the case. Logs are inaccurate, narrative is poor, forms are incomplete, and sometimes non-existent.

Poor record keeping is a direct indication of complacent management by Senior Officers aboard. When records are recorded, they will need to be verified by the Master or Chief Engineer. If they do not hold the Junior Officer accountable, these Officers may never understand the importance of the task at hand. When the Master or CEO sign the bottom of a log book page, they are verifying its accuracy and content. Any inaccuracy found by an Inspector calls the Master or CEO's integrity into question.

Don't let this happen to you.

Nowhere is this more important that the Oil Record Book. The oil record book must be an accurate log of the management of waste oil aboard the ship. This is prepared by the CEO and verified by the Master. The criminal exposure to the Master and CEO in their personal capacity is tremendous if records are inaccurate or incomplete.

We have many safeguards in our SMS against foul play with waste oil, to protect the Senior Officers (and company). Please ensure that we comply fully with the IMO and National legislation. The Company reminds you that they will not in any way condone any activity that in in contravention of MARPOL.

Lastly, I welcome any comment you may have that can help us improve our standards and safety and operation of our fleet. I understand the difficulty we face with ever changing legislation and regulation. As professionals it is important we all keep up to date with advancement in technology and development in the maritime world.

Regards

Captain *Hilton Stroebel*

Marine Manager

Grindrod Shipping Pte. Ltd.

Review of Vessel Feedback to Safety Management System and updating of the SMS.

Company circulars review

All Company circulars issued in 2016 were reviewed and incorporated in our SMS system if the SMS required updating. A few circulars are reissued with new 2017 circular number and uploaded in SHEQ system.

Masters system review

All Masters system reviews received from vessels were analyzed by the Office and necessary corrective action taken as required. The HSQE manuals were amended on occasion.

HSQE manuals were also reviewed for continual improvement depending on feedback from ships, classification society, administration, oil majors, PSC inspections, non conformities, changing regulations, best practices etc. Refer to company circular on Masters system review.

Internal and External Audits / Inspections

Audits Internal and External

Internal audits of ships and company were carried out at planned intervals for improvement of the HSQE system. Corrective and preventive actions were taken for all observations / NC raised.

All Non Compliances and observations raised in external audits were reviewed and necessary Corrective and preventive actions were taken to prevent recurrence.

The following **external** audits were completed onboard the vessels and Grindrod Ship Management Office during 2016

External Audit Type	No. Of Audits	No. of NCR	No. Observations
ISM + ISPS	15	10	21
MLC	1	1	0
ISO9001			
ISO14001			
DOC (MPA)	1	1	1

The following **internal** audits were completed onboard the vessels during 2016

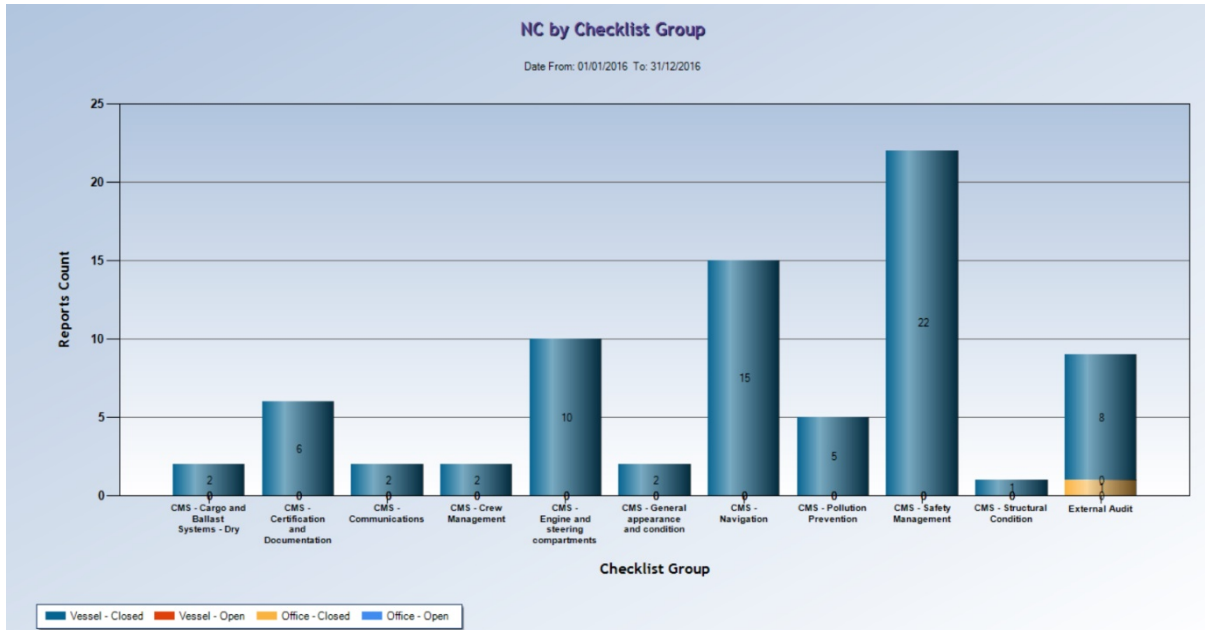
Internal Audit Type	No. Of Audits	No. of NCR	No. Observations
ISPS + ISM	27	65	163
Navigation	Included in ISM	-	-

Analysis of Internal Audits

The following analysis of the audits was completed. Please note that for analysis purposes the audit findings are usually entered in BASSNet.

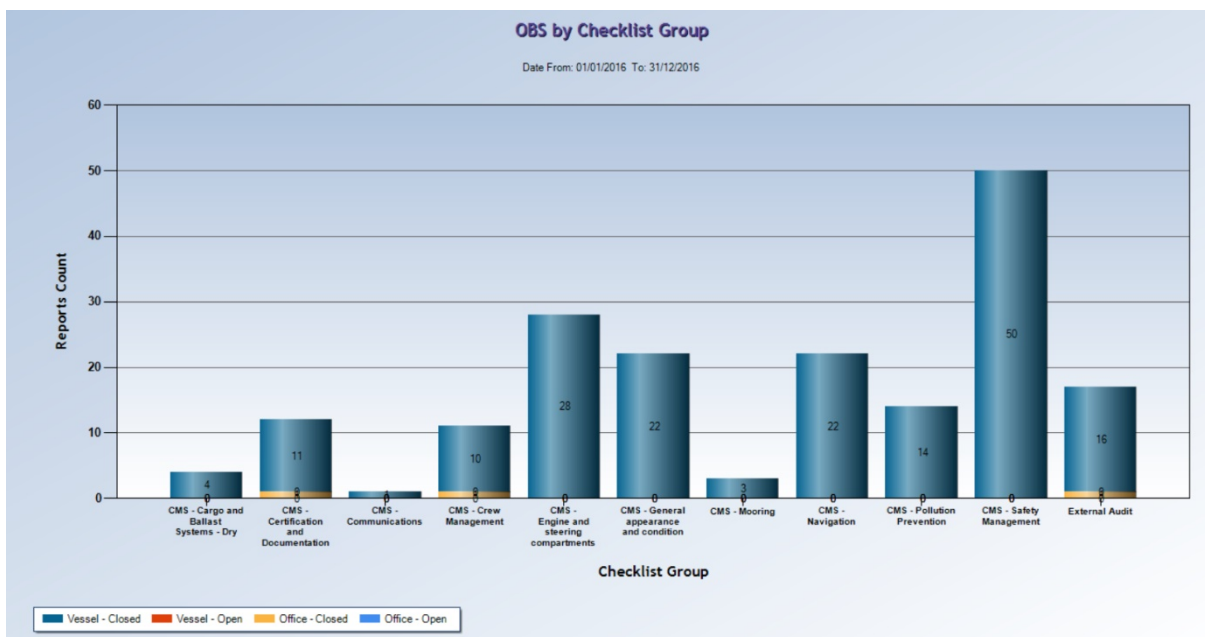
The Masters are not as efficient as they should be with appropriate and valid closeout of observations and NCN's. On occasion the Masters do not reply to the remarks, these then become overdue. The Ship Manager is to actively ensure that the vessel closes out all NCN's and observations appropriately.

Internal ISM Audits:



An analysis of the **Internal Non Compliances** identified the following areas of improvement for 2017:

1. Documentation: Company Standard forms not being used.
2. Safety Management: Fireman’s outfits and BA sets in good order and ready for immediate use.
3. Safety Management: Enclosed space and hot wok permits not correctly filled in.
4. Safety Management: Engine Room Log book not correctly filled in.



An analysis of the **Internal Observations** identified the following areas of improvement for 2017:

1. Documentation: Crew ORIGINAL Certificates and Contracts onboard.
2. General Safety: Lack of clearly demarcated non-slip surfaces.
3. Pollution Prevention: Garbage record book not correctly filled in.
4. Engine Department: Bunker transfer lists not adequately completed.
5. Engine Department: Bunker samples not kept and stored as per the SMS.
6. Documentation: Crew Work/Rest hours not accurately recorded.

Internal ISPS Audits:

An analysis of the **Internal Observations** identified the following areas of improvement for 2017:

1. Maintenance records of security equipment.
2. Security Training using Nvod or Seagull not being completed.

Internal Navigation Audits:

An analysis of the **Internal Non Compliances** identified the following areas of improvement for 2017:

1. Deck log book and Bell book not adequately completed.
2. Pre arrival, departure checklists not adequately completed.
3. Position Fixing of the vessel not in compliance with SMS.
4. Incorrect use of the company passage plan.

An analysis of the **Internal Observations** identified the following areas of improvement for 2017:

1. Documentation: Master's standing orders not as per the SMS.
2. Navigation: Parallel indexing no used during navigation

Corrective Action Plan for Internal Audits:

The above are being addressed by induction of additional guidance via Circulars and training material. Marine Superintendents and the SHEQ department representatives who will contribute to additional shipboard audits and training on board during their ship visits in 2017.

Technical Inspections review

Ship visits were carried out on all vessels by SHIP MANAGERS at planned intervals to ensure compliance and improvement of HSQE system. All observations raised during visits were closed and reports filed in company – BASSNet.

Analysis of Incidents and Near misses

Incidents

There were 110 incidents for the Grindrod Fleet in 2016 (87 in 2015), this covers both the IVS and Unicorn Fleets. As lessons learned are distributed to both fleets and usually common to both fleets, the analysis does include both fleets where relevant. The following incidents below are a summary of the most severe incidents for 2016 for the IVS Fleet.

The following occurred in the IVS Fleet for 2016:

Spills:

There were no spills in the IVS Fleet for 2016

Losses:

IVS IBIS: January

The vessel has severe damage to Number 2 Port and Starboard upper hopper ballast tanks between 25th and 28th January. Preliminary investigation points towards crew negligence in incorrectly preparing the vessel for ice conditions. Class has required temporary strengthening repairs to be carried out at the closest shipyard in Japan, before they will allow the vessel to proceed to China for a full repair. Repairs were completed 26th April.

IVS KINGLET: February

Technical department advised all vessels in the fleet to convert ME LO settling tank as cyl oil storage to have more room when bunkering at convenient port in terms of LO price. However cyl oil was inadvertently admixed with ME system oil onto ME LO sump tank due mishandling of valves.

IVS PHINDA: May

On her approach to the Suez, the vessel commenced a turn to starboard to proceed to anchorage. At this time IVS PHINDA made contact with another vessel which caused minor damages to the accommodation ladder and bent railings.

IVS THANDA (no damage): July

On departure at Lanshan Port, China, the vessel continued transit outbound south of Fairway Channel on the advice of the Pilot prior disembarkation. The vessel however failed to note the Fishing Farm on their course and sailed through the farm causing damage to the farm.

IVS RAFFLS (no damage): August

Vessel was involved in an incident at 2015H local time while sailing after discharging from Nantong, China. A tug boat with a tow was travelling alongside her roughly on the same course, when suddenly the tug altered to port and crossed the bow. The vessel was unable to take evasive action resulting in the tow line across IVS Raffles bow with the barge landing

on the starboard side on the vessel. The tow wire parted and the tug and barge drifted off. No collision occurred and scratches only on stbd side shell.

DEATH

IVS SENTOSA March

Bosun Apao was in the process of erecting scaffolding in Hold No.2 to complete hold cleaning operations. He was attached to a hard point by means of a harness and rope. Chief Mate requested he descend from the scaffolding because it was too high. The Bosun appears to have disconnected himself from the rope and at that time the vessel experienced a rolling motion which caused the scaffolding with the Bosun still above to topple down.

The Bosun sustained severe injuries and was airlifted to a hospital in Japan within 3 hours. He succumbed to his injuries 24 hours later.

A full investigation was completed by both the Office and MPA. The SMS now prohibits the use of scaffolding erected by the crew in order to clean Cargo Holds.

LTI's and MTC's:

IVS KNOT May (LTI)

Crew member suffered a fractured leg when entering into the lifeboat to do routine maintenance. The crew had originally fractured his leg whilst on leave, his doctor gave him the all clear to return to sea. It appears that the vigor of climbing into a lifeboat caused the leg to fracture in the same position again.

IVS NORTH BERWICK July (MTC)

The crew member was carrying spares into the engine room when he member lost his balance down the stairway and fell cutting his head

IVS KESTREL Nov (LTI)

The Crew member stomped his big toe in the stairwell. An x-ray confirmed a break of the toe. He was placed on light duty.

IVS ORCHARD Nov (MTC)

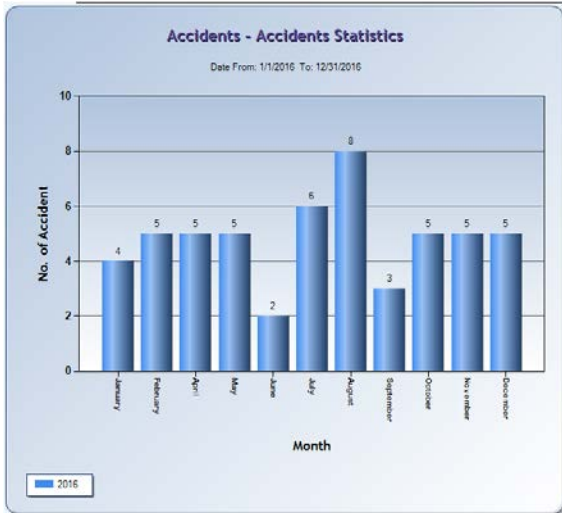
Crew member was operating deck cargo crane and its side window was opened for ventilation. His finger got stuck and acquired a cut on his right thumb when tried to prevent the side window from slamming shut due to a sudden gust of wind.

IVS KESTREL Dec (LTI)

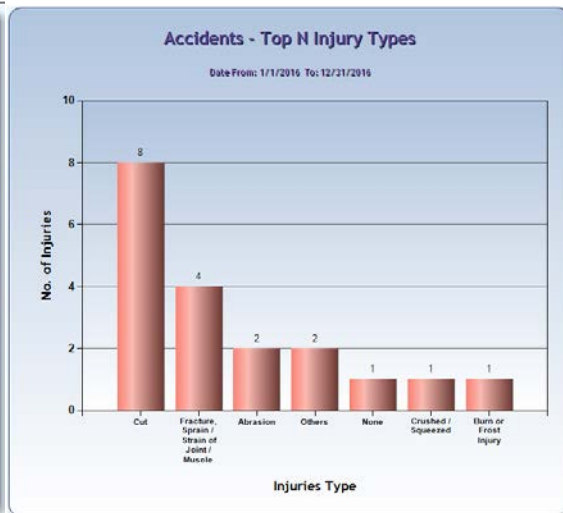
The crew member was carrying a Fuel Oil Mixing Tube to engine room workshop for repairs when the vessel experienced a light roll causing imbalance of the mixing tube. The crew member's right hand was caught in between the edge of the mixing tube that he was holding and the support bracket, causing a cut and bruises on his two fingers.

IVS SENTOSA Dec (LTI)

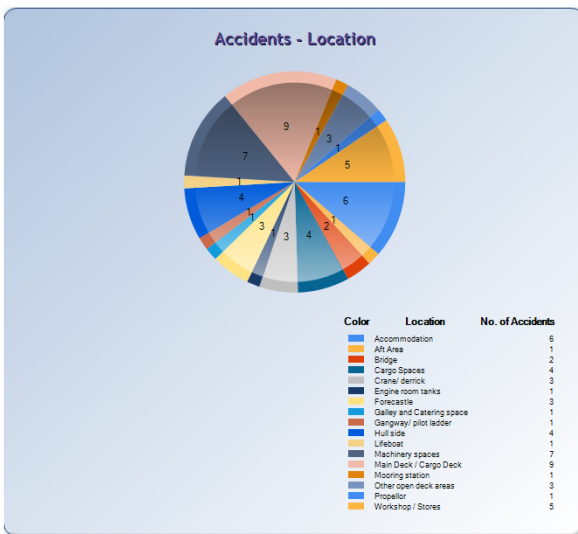
The Crew member was using pneumatic-powered vacuum cleaner when the air hose accidentally uncoupled. The pressurized hose whiplashed and hit the oiler's bridge of the nose resulting in an injury.



Monthly accident stats

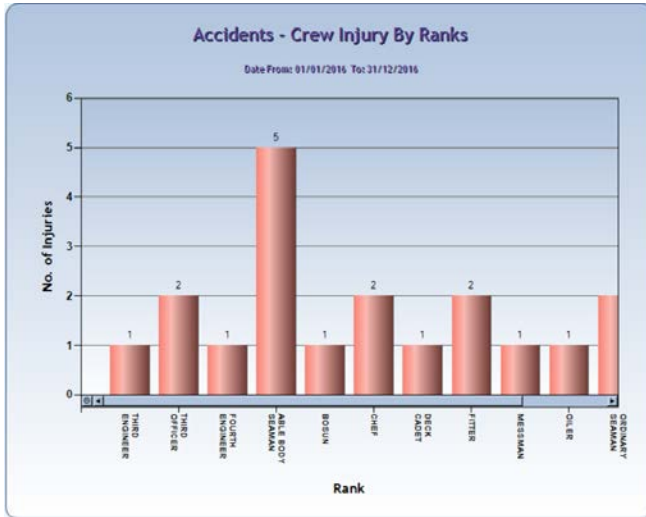


Injury type

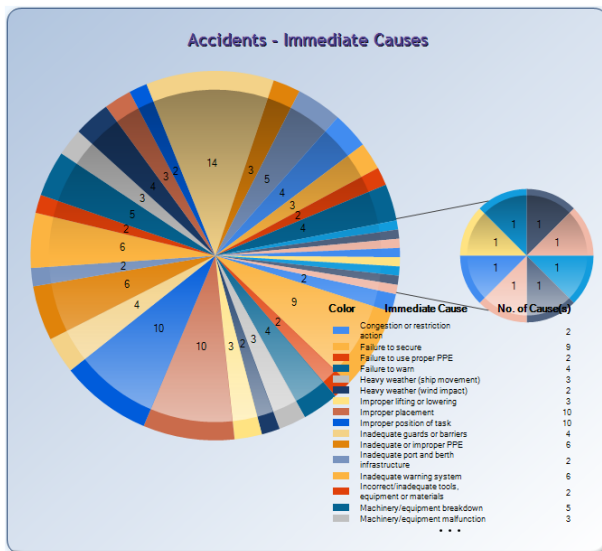


The top three **Location** of Incidents include:

- 17% on Main Deck
- 13% in Engine Room
- 11% Accommodation



As can be seen in this analysis the majority of incidents happened to the Deck Department personnel.

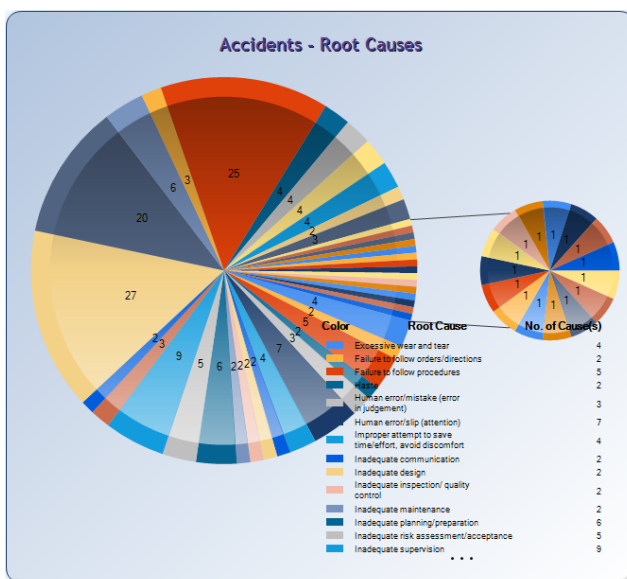


The top four **Immediate causes** of Incidents include:

- 11% Procedural Error
- 8% Improper Placement
- 8% Improper position of task
- 7.8% Failure to secure

In summary - 35% Immediate causes of incidents are Human action related.

Incidents – Immediate Causes



The top four **Root causes** of Incidents include:

- 15% Incorrect judgment
- 14% Lack of situational awareness
- 11% Lack of attention
- 5.4% Inadequate supervision

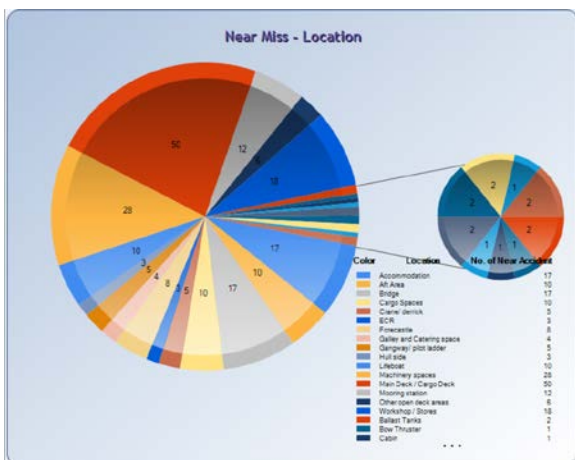
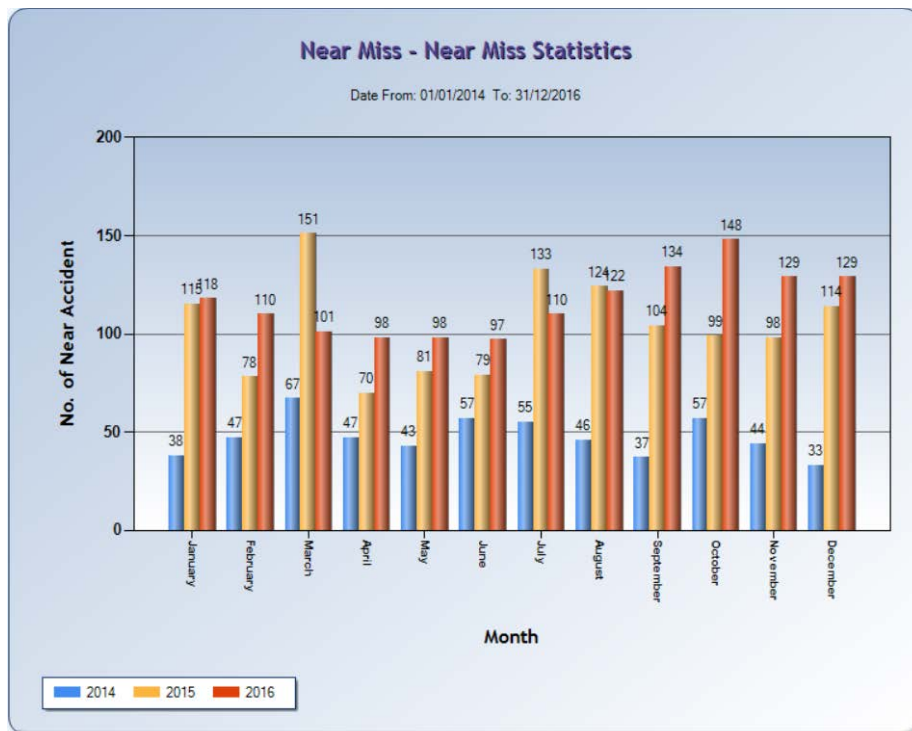
In summary – 45% Root causes of incidents is directly attributable to human error which may have its origins in lack of thorough and proper training. Hence the need for good role models within the Senior Management team onboard which will guide and nurture the next generation of officers.

Incidents – Root Causes

Near Miss

A total of 1394 near misses were raised during 2016 for both fleets. This is a 14% increase in the number of near misses raised in 2015 (1185 near misses). Further education in the use of the “Fast track wizard” in BASSNet for the ease of reporting has led to increased reporting of near misses. Near misses are being reported from the Dry Fleet, these account for 59% of the total near misses reported in 2016, up from 39% in 2015. This is a great improvement and shows commitment by the IVS Fleet

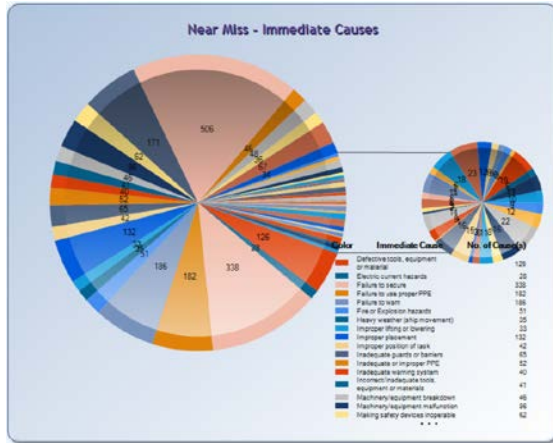
Where applicable the “Lessons learned” in BASSNet are being distributed to both fleets. These are then being read out during the Safety Management Committee meetings held onboard.



The top four **locations** of Near Misses include:

- 23% Main Deck
- 13% Engine Room
- 8% Workshop
- 8% Accommodation

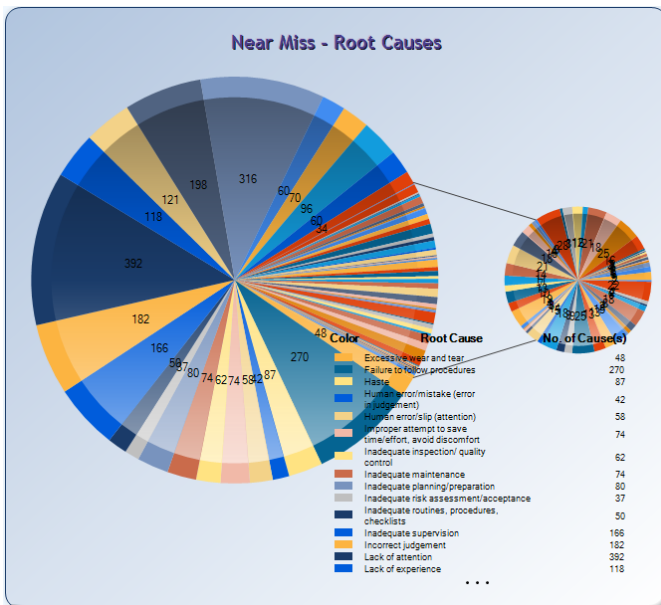
Again near misses are high in the Engine Room and Main deck spaces.



The top four **Immediate causes** of Near Misses include:

- 18% Procedural error
- 12% Failure to secure
- 7% Failure to warn
- 6% Failure to use proper PPE

In summary – 43% Intermediate causes of incidents are directly attributable to human error which may have its origins in lack of thorough and proper training. Hence as previously stated, the need for good role models within the Senior Management team onboard which will guide and nurture the next generation of officers. This is the same as 2015 (43%)



The top six **Root causes** of Near Misses include:

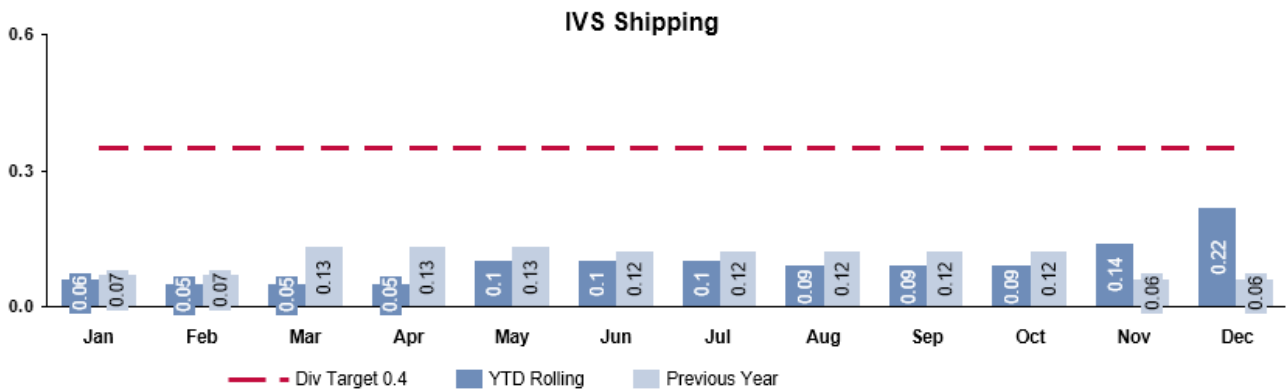
- 13% Lack attention
- 11% Lack of situational awareness
- 7% Failure to follow procedures
- 5% Incorrect judgement
- 4% lack of knowledge
- 4% Inadequate supervision

These are all put down to human error. Reinforcement and Monitoring of procedures by the SMT onboard is essential for the reduction in human error through proper policing and education of the crew onboard.

Near Miss – Root Causes

Safety Performance

LTIFR

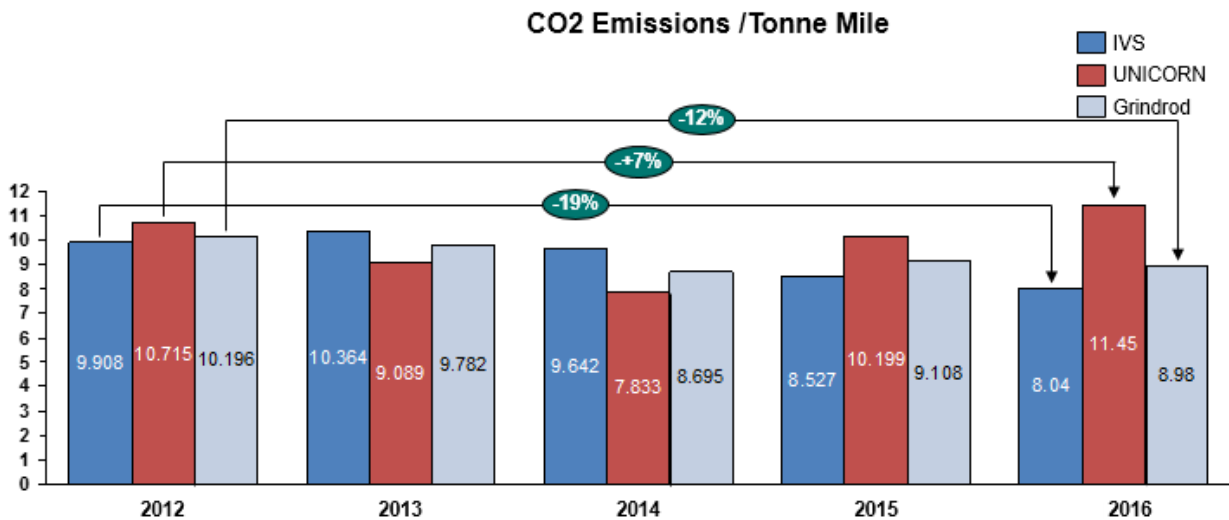


Overall safety performance													
KPI	Period	Jan'16	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fatality <i>(YTD per calendar)</i>	Actual	-	-	1	-	-	-	-	-	-	-	-	-
	PY	-	-	-	-	-	-	-	-	-	-	-	-
KPI	Period	Jan'16	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
LTIFR <i>(YTD rolling average)</i>	Actual	0.06	0.05	0.05	0.05	0.1	0.1	0.1	0.09	0.09	0.09	0.14	0.22
	Target	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35
	PY	0.07	0.07	0.13	0.13	0.13	0.12	0.12	0.12	0.12	0.12	0.06	0.06

KPI	Comment by exception
Fatality	One
LTIFR	The Division has decreased the LTIFR target rate by 14.5% to 0.35 per 200 000 man-hours (rolling average) Remains below target and under control. Education measures regarding working with mechanical tools being completed onboard.

Safety incidents and injuries have been reported by e-mail to the Ship manager and crewing department. However on occasion the same has not been reported into BASSNet. The Ship Managers are to ensure that all incidents and near misses which are reported in e-mails, Safety Committee minutes or other reports are also reported in BASSNet.

Environmental Performance



EEOI for Unicorn and IVS

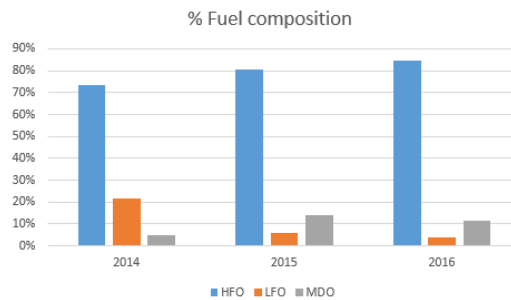
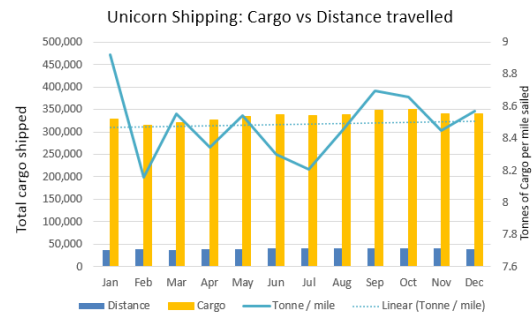
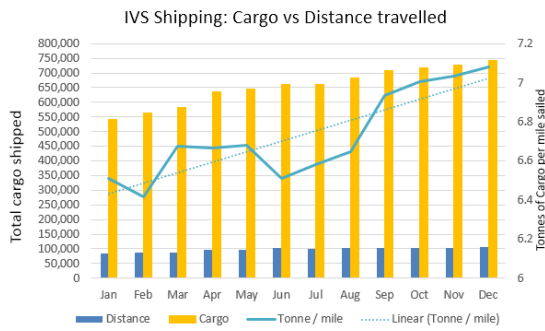
EEOI refers to the Energy Efficiency Operational Indicator, which takes fuel type, cargo and distance into consideration. Over all Grindrod Shipping EEOI has increased by 12% compared to 2012.

It should be noted that the Unicorn fleet was less efficient than 2014. An analysis of the types of fuel being used showed that in January 2015 50.8% of the fuel burned was HFO which produces significantly higher quantities of CO₂. By March 2015 the figure of HFO used was 85%. This trend has continued for the rest of the year with the amount of HFO consumed ranging between 75% and 92%. The increase in HFO consumed is due to the trading patterns of the vessels with most vessels not trading in the ECA areas of Europe and USA. Overall Unicorn total fuel consumption decreased by 14.6%. However, the associated Tonne-Mile variance is 7% less efficient compared to 2012. This indicates that the vessels have been trading with long ballast voyages which has again decreased efficiencies. Our MR tankers have been trading between West Africa and Europe or India and Mauritius over the last quarter.

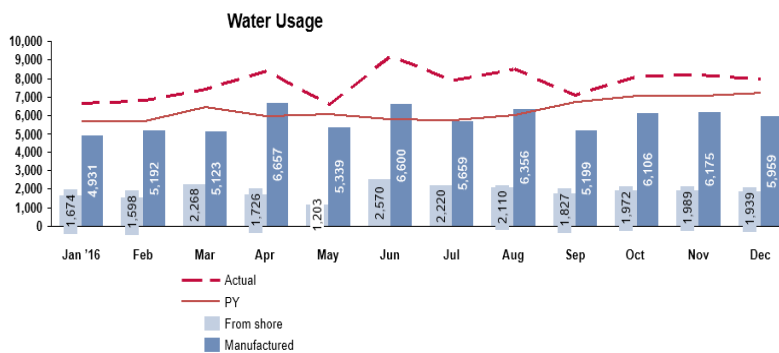
In an effort to increase the efficiency of vessels, Grindrod has been pursuing an active policy of environmentally efficient designs with regard to new-build projects.

Variable frequency drives are now starting to show positive results with vessels on average being able to save 15 tons of fuel oil per month per vessel. This can be seen in the increased efficiencies now being realised in the IVS Fleet.

IVS efficiencies have improved due to the New-buildings being delivered that are also eco-friendlier in hull and machinery design.



Office management is focusing on educating the Vessel’s staff regarding proactive measures available such as switching off equipment etc. that is on standby or running for no good reason. With the increase of fleet, some of the new crew members have “bad habits” inherited from other fleets that they worked in prior to joining Grindrod.



Water consumption has increased significantly over previous years. It should be noted however this is very dependent on cargoes carried and how much tank washing is required for consecutive dissimilar cargoes. Active measures and education is in force for the domestic consumption of water.

Port State Control

IVS vessels continue to be the subject Port state control inspections. Largely these have not been an issue, with the exception of three PSC Inspections:

IVS MERLION Tauranga 10/02/2016. 4 PSC deficiencies:

IVS TRIVIEW Novorossiysk 23/10/2016: 6 PSC deficiencies:

IVS KAWANA Geraldton 30/06/16. 4 PSC deficiencies:

The above issues have highlighted the importance of the port state control and not getting any remarks. Furthermore the Ship Manager is to ensure that all PSC remarks are to be closed out timeously. Verification can only be done by means of a second PSC where the close outs are verified. Again this invites yet more scrutiny and possible further remarks from PSC representatives.

Please find below the PSC completed on a quarterly basis. As can be seen the graph indicates a general downward trend with regard to remarks on PSC inspections.

Year:	2013	2014	2015	2016
Average no observations per inspection	1.5	0.9	0.7	0.65
Detentions	Nil	Nil	Nil	Nil

PSC deficiencies have been reviewed from all vessels.

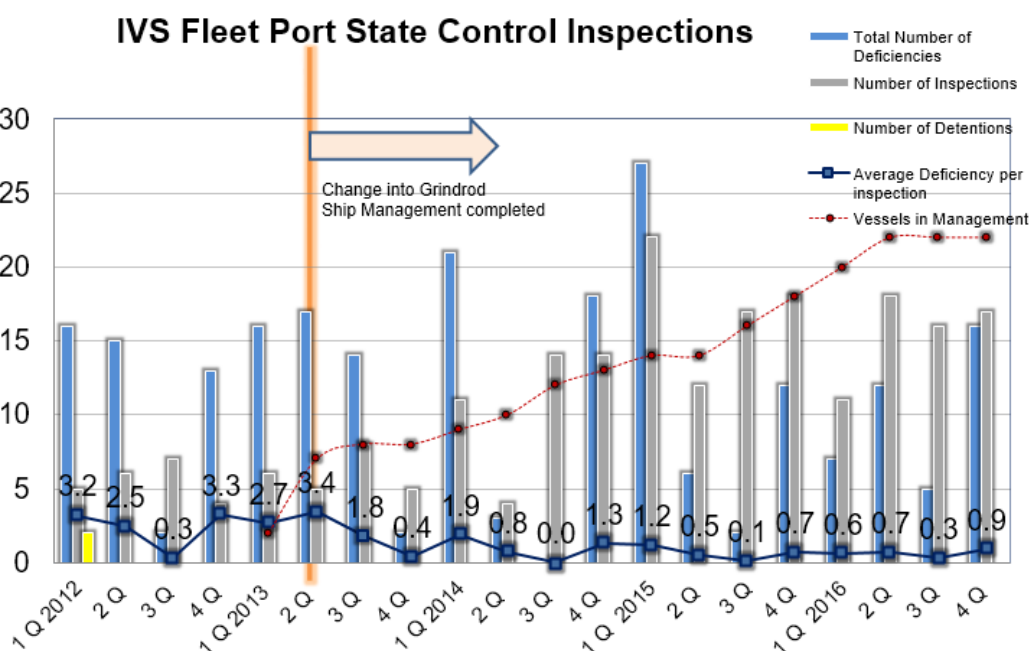
Significant findings have been promulgated to all ships through circulars to prevent recurrence.

Exhaustive checklists (country specific) were sent on ships for better preparation.

In US ports, Company's Qualified Individual was requested to prepare vessels for better familiarization with US requirements.

All PSC inspection reports are uploaded in BASSNet

There were no detentions on GSM managed vessel during this period.



Review of International and Country Specific statutory requirements

Both International Legal and local requirements like EU directives / CARB / ECA /VGP-NPDES , Restrictions on vessels in US & Canada with AGM , US biofouling management plan , prohibition of asbestos containing materials were complied with.

Masters are requested to obtain local requirement for each port well in advance. DNV Navigator Software was commissioned to help the Master with Local Regulations

All statutory requirements as per class / flag / IMO complied with.

New Regulations review

Company has taken initiative to keep track of the New Regulations coming into force and have taken sufficient measures for implementation of these regulations. New regulations were reviewed and incorporated in company SMS where required. Company has provided REG4SHIPS where all IMO publications and flag state circulars as per new regulations are automatically updated.

The following New regulations were promulgated to fleet and complied with:

- Enclosed space entry/rescue drills,
- Chinese ports fuel Sulphur requirements,
- Gas meter requirement on Singapore flag vessels,
- PSC campaign on cargo securing manual, pilot ladder arrangements
- Installation of ballast water treatment system which is mandatory as of June 2017,
- Annual Reporting of VGP to EPA, USA
- ECDIS now installed on all vessels prior phase-in dates.
- USCG and Australian ballast water exchange requirements.

All new regulations were reviewed and found effectively implemented.

Customer Feedback / Complaints

One of our managed vessel had received Prohibition Notice from Maritime & Coast guard agency that vessel had used dangerously weighted heaving lines during mooring operations.

Corrective action:

1. Circular issued to all fleet regarding the incident
2. Risk assessment revised to include hazards due to heaving lines
3. Revisions made in SMS prohibiting use of weighted heaving lines.

Risk Assessments

The Risk Assessments continue within BASSNet. The quality of risk assessments received from the Fleet remain poor. Therefore the Office representatives are reminded to complete the training of the crew whilst completing their inspections. The Office will continue to prepare Master templates of Risk Assessments for the fleet to use as the basis for their Review of the job description.

Management of change

Management of change was initiated for several operations during this period.

Same reviewed and found effective

Security

All Grindrod vessels comply with International Ship and Port Security (“ISPS”) Code. Furthermore when transiting in a high risk area, anti-piracy measures as described in the Best Management Practices 4 booklet remain in force. This is a requirement of the vessel’s insurance provider. Both Unicorn and IVS Vessels regularly enter into High Risk Areas (HRA) and are employing additional security protection to enhance security on board. When entering the HRA, Singapore Flag is notified and approves the use of security personnel on board.

Malaria remain an issue with vessels travelling to West Africa. A risk assessment has been completed and additional countermeasures put in place.

Stowaways: P&I have informed the Office that the incidents of stowaways in the Southern African ports is on the increase and the cost of repatriation now according to the South African Government falls on the Ship Owner. The fleet is to be reminded that they are to remain vigilant and take additional precautions such as shore based security when visiting South Africa. The requirements of the Ship Security Plan is to be followed to the letter, with no exceptions to the review of stevedore ID’s etc.

IVS KINGLET January

Vessel was berthed at Maydon wharf No 5, Durban discharging. Prior to sailing, vessel staff along with security personnel commenced searching vessel and 3 stowaways were found on the Monkey Island.

Immigration authorities did not permit vessel to disembark the stowaways in Durban. P&I club instructed vessel to disembark the stowaways at Next port of call Maputo. The stowaways gained access either climbing up the mooring ropes when the crew security person positioned on Fc’sle was required to close the hatches during rain or the stowaways were dressed and worked alongside stevedores then disappeared at an opportune moment.

IVS SENTOSA January

Vessel arrived Haipong and dropped anchor. At 0155H Lt while completing security patrol , duty AB heard a commotion at forecastle area and observed using his torch three unidentified men emerging from the cross deck where paint room store was located. The unidentified personnel started chasing AB with long knives. Ships horn was sounded and about 7 men were spotted escaping from forecastle deck and fled in their skiffs. Bosun's store padlock was found broken and approximately 32 paint cans were found missing and physical barriers were damaged.

Company and ship resource levels review

Company Resourcing Levels

To stay competitive in today's marketplace, it has been company's senior management commitment to develop Human Capital and provide adequate Human Resource whether it is at sea or ashore from its inception.

With company's long term goal in mind, company has developed world class infrastructure and work place conducive to develop talent which can support the business and deliver performance and expectations of our client we serve.

In our effort to continually improve quality of ship's staff as well as shore staff, we have well adapted systems for training and strategy to monitor and retain the manpower across the organization by means of the Induction program and the Seagull/NVod CBT training systems.

Company's fleet growth is monitored monthly so that all resources (manpower, equipment, space, etc) are adequate for current fleet and for the intended expansion.

Adequate shore-based support is provided to enable the designated person to carry out his functions

Ship resources were well above the minimum safe manning requirement.

Company has started recruiting cadets on board vessels.

Ship and shore based resources were reviewed and found adequate for safe operations.

MLC / Crewing matters

Crewing matters were found satisfactory.

Health and hygiene bulletins were regularly promulgated to ship staff.

MLC effectively implemented on all vessels

Review of rest hours within the Fleet

The work and rest hours regulations are becoming more and more strict and the inspectors /auditors are scrutinizing work & rest hour and non- compliance records more and more closely and in depth. Guidance from office was provided to avoid non compliance onboard. Accordingly DNV software was provided on board for implementing rest hours in 2016

Rest hours non compliance / violations are being reported by Master to company and monitored.

Extra manning also being provided on board (case by case basis)

Review of Surveys (certification, Existing COC, Major Memo, significant issues)

All the vessels have been adhering to Class requirements and survey schedules during the year.

Condition of class / memo monitored by ship managers and tracked to completion

Review of dry docking

Dry-docking of vessels carried out in consultation with the Owner.

Stern tube seals and oil was changed to new Bio degradable type to comply with new US VGP regulations.

COC for vessels to be closed as applicable during dry-dock.

Review of BASSNet

Company staff continued to motivate the personnel on-board to continue using BASSNet

Project Team comprising of IT and BASSNet Support) working to ensure proper implementation / follow up of the system

PSC module activated in BASSNet this year

Audit reports are uploaded in BASSNet from August 2015.

Suitability and effectiveness of the HSEQ system

The second half of 2014 has culminated with a re-write of the Safety Management System which was published to the vessels during August 2014. There were significant upgrades completed to all Manuals within the system. The next issue to be completed during the 1st Half of 2017 will be the document control and month end reporting using a more automated process.

Comments received from the Masters during their review have been reviewed on their merits and where applicable incorporated into the SMS with regular updates and references forwarded to the Fleet for their reference.

Review of training needs

Training is required on the Risk Management Module for the office staff and sea staff. This has been developed and training been conducted during the ship visits done by shore staff. The BASSNet program has also developed an Interactive training program which has been deployed to the vessels for their review.

A new onsigners Induction Program has been rolled out during the last quarter 2014. The Induction program caters for all new AND existing crew – from the SMT to the ratings. It is an Introduction to Unicorn/Grindrod and the SMS. All Crew will be obliged to complete this course prior to acceptance into Unicorn onboard the vessels. The average duration of the course is around 5 hours.

NVOD has been replaced with SEAGULL which is seen to be a more relevant and up to date training software package. Additionally, Officers will be required to complete Bulker BICS prior to promotion. It is important that the Marine Superintendent monitors the progress of the fleet to ensure that the crew takes advantage of this resource.

Training of Company Personnel:

Company staff have attended shore based training conducted by authorized training institutes to continually improve skills required for ship management.

Training of Shipboard personnel

Basis various recent changes in the industry, feedback received from vessels and vessel inspection findings, incident reports; the Office identified the gap between existing training and the requirements on board. Training resources are identified considering the increase in demand for ship staff expected in near future.

To address this gap in training and better preparation the Office is customizing new courses and updating, revising and upgrading the existing courses accordingly. There is continuous flow of information from the Ship to the Management office and to the training centres.

- All joining crew were trained for company's HSQE management system by each manning company.
 - Pre joining briefing was carried for senior personnel in company prior joining a vessel.
 - Company has provided Videotel / Seagull CBT and training plan to all vessels.
 - All crew for new building ships were trained by DPA after selection by interview, and at the shipyard before the ship's delivery.
 - Sea staff seminars were conducted by company staff.
 - OJT were carried out for ship staff on navigation and HSQE matters.
 - Regular HSQE campaigns were promulgated to ship staff.
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Drills

Ship/shore SAFETY AND SECURITY drills were conducted regularly and found satisfactory.

Report of ship/shore drill shared with fleet.

Performance Indicators

SAFETY, HEALTH, ENVIRONMENT AND QUALITY (SHEQ)

2016 HSE INCIDENT STATUS – HOW ARE WE DOING?							
INJURIES AND DEATHS	2015	Quarterly Results				2016	
	Results	1Q	2Q	3Q	4Q	Target	Actual
Deaths <i>(Unnatural or Accidental)</i>	0	1	0	0	0	0	1
Lost Time Injury <i>(Day Away From Work)</i>	2	0	1	0	3	5	4
Medical Treatment Cases <i>(External treatment/assistance req'd)</i>	3	0	0	1	1	9	2
First Aid Cases <i>(On-board treatment only)</i>	4	1	2	8	2	12	13

SPILLS AND EMISSIONS	2015	Quarterly Results				2016	
	Results	1Q	2Q	3Q	4Q	Target	Actual
Spill <i>(Into the Environment)</i>	0	0	0	0	0	0	0
Minor Spill <i>(Contained and < 1 bbl)</i>	0	0	0	0	0	0	0
Contained Spill <i>(Contained and > 1 bbl)</i>	0	0	0	0	0	0	0
Spill <i>(Any quantity into the water)</i>	0	0	0	0	0	0	0

MATERIAL LOSSES	2015	Quarterly Results				2016	
	Results	1Q	2Q	3Q	4Q	Target	Actual
Catastrophic Damage/Loss <i>(Greater than \$1 000 000)</i>	0	0	0	0	0	0	0
Massive Damage / Loss <i>(\$500 000 TO \$1000 000)</i>	3	0	0	0	0	1	0
Serious Damage / Loss <i>(\$5000 to \$500000)</i>	1	1	1	0	1	8	3
Minor Damage / Loss <i>(Less than \$5000)</i>	0	1	0	0	0	13	1

Quality and Customer Service	2015	Quarterly Results				2016	
	Results	1Q	2Q	3Q	4Q	Target	Actual
Unplanned off hire as a result of our management failure	0	0	0	0	0	0	0
Cargo Contaminations	0	0	0	0	0	0	0
Customer Complaints	0	0	0	0	0	0	0

- Items marked with an asterisk are reflected within the Un-planned off hire records, and are recorded separately for analysis purposes only

Best Practise	2015	Quarterly Results				2016	
	Results	1Q	2Q	3Q	4Q	Target	Actual
Near Miss Reports FOR IVS FLEET only	466	167	159	250	250		819

Positive outcomes

- No pollution incidents
- No fire incidents
- Average PSC deficiencies per vessel per inspection is about 0.65
- No PSC detentions
- No drug and alcohol offence on any vessel
- No permanent total disability / Permanent partial disability

Areas which require improvement

- Navigation (2 collision incidents)

Action plan for continual improvement 2017

Refer to attached sheet for action plan

S.NO	Item	PIC	Target date	Status
1	Implement COLLIGO filing system on all vessels	Brett	March 2017	
2	Install ISF watch Keeper on all vessels	Brett	March 2017	
3	Prepare agenda for monthly HSE campaign	DPA	Jan 2017	
4	Change over from Videotel to Seagull training system so that training system is standardised amongst fleet	Hilton	Mar 2017	
5	Provide lock out tag out kit to all vessels	DPA	Mar 2017	
6	Consolidate Navigational services to single service provider (GNS)	DPA	May 2017	
7	Consolidate integrating IT systems to single service provider	Hilton	Dec 2017	
8	Change over ISM/ISPS/MLC/DOC audits from DNV to Class NK	Brett	Jun 2017	
9	To provide wire rope lubricator to entire fleet	Denver	Dec 2017	
10	Implement use of ballast water treatment system on board prior compliance date	Per	Jul 2017	