



Management Review

2017

Brett McElligott, HSEQ Manager
Grindrod Shipping

CONTENTS

Date of Review	4
Review of previous Management Review (2016)	5
Review of the Action Plan for year 2017	5
Vision and Mission Statement	6
Safety & Environmental Protection Policy and Objectives	6
Senior Management Message to the Fleet	7
Review of Vessel Feedback to Safety Management System and updating of the SMS.	10
Company circulars review	10
Masters system review	10
Internal and External Audits / Inspections	11
Audits Internal and External	11
Analysis of Internal Audits	11
Internal ISM Audits:	12
Internal ISPS Audits:	13
Internal Navigation Audits:	13
Corrective Action Plan for Internal Audits:	14
Periodic review of Internal Audits for compliance with the ISM Code	14
Analysis of Incidents and Near misses	15
Incidents	15
Near Miss	19
Safety Performance	21
Environmental Performance	22
Port State Control	24
Review of International and Country Specific statutory requirements	26

New Regulations review	26
Customer Feedback / Complaints	26
Risk Assessments	27
Management of change	27
Security	27
Company and ship resource levels review	28
Company Resourcing Levels	28
MLC / Crewing matters	29
Review of rest hours within the Fleet	29
Review of Surveys (certification, Existing COC, Major Memo, significant issues)	29
Review of dry docking	29
Review of BASSNet	30
Suitability and effectiveness of the HSEQ system	30
Review of training needs	30
Training of Company Personnel:	31
Training of Shipboard personnel	31
Drills	31
Performance Indicators	32
Action plan for continual improvement 2018	35

Date of Review

Date: 19-20 April 2018

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

Quentin Foyle

Hilton Stroebe

Rajaraman Krishnamoorthy

Rodney Holmes

Per Fabricius

Henry Dayo

Richard Navo

James Requilme

Randy Mirasol

Gavin le Roux

Brett McElligott

Review of previous Management Review (2016)

Report of Previous Management Review (2016) were reviewed and found satisfactory. No outstanding issues were noted.

Review of the Action Plan for year 2017

S.NO	Item	PIC	Target date	Status
1	Implement COLLIGO filing system on all vessels	Brett	March 2017	Complete
2	Install ISF watch Keeper on all vessels	Brett	March 2017	Complete
3	Prepare agenda for monthly HSE campaign	DPA	Jan 2017	Complete
4	Change over from Videotel to Seagull training system so that training system is standardised amongst fleet	Hilton	Mar 2017	Complete
5	Provide lock out tag out kit to all vessels	DPA	Mar 2017	Complete
6	Consolidate Navigational services to single service provider (GNS)	DPA	May 2017	Complete
7	Consolidate integrating IT systems to single service provider	Hilton	Dec 2017	Complete
8	Change over ISM/ISPS/MLC/DOC audits from DNV to Class NK	Brett	Jun 2017	In Progress and on schedule
9	To provide wire rope lubricator to entire fleet	Denver	Dec 2017	In Progress but NOT Complete
10	Implement use of ballast water treatment system on board prior compliance date	Per	Jul 2017	In Progress and on schedule

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

As our annual review of Management System draws closer, it is a good time to look at our achievements (and shortfalls) since the last review in March 2017.

I believe we have come to grips with the fundamentals of our SMS, but as the dynamic world of shipping and technology leap forward, we are often left playing catch up.

We receive new ideas, trends and developments virtually on a daily basis from many sources in the industry. We then have to review these and determine:

- which affect our business,
- which are of interest to our seafarers,
- which need inclusion or modification of the SMS,
- and which will affect the way we carry out our business.

We should always be planning and striving ahead of the safety and industry curve. I believe our management model of embracing change and technology to improve our output is the strategy for growth and efficiency.

We have done deep revision of some parts of the SMS, as well as worked on some new management tools. Hopefully once rolled out these will result in less administrative burden of ship and office staff.

We have launched and improved a number of projects this year to improve the flow of information and control the administrative workload.

These include:

- Colligo filing
- Internal Navigation audits
- Blue tracker data collection
- DNV Navigator/Q88/BASSNet interface development
- G Wave training
- Mentoring as a training tool

The Colligo electronic filing system has now bedded down and is resulting in a smooth common filing system ashore and aboard. The maintenance of a shipboard filing system, duplicated in the office was very time consuming and fraught with chances of document being lost. This was highlighted when, after the sale of the KEI, lawyer settling a large cargo claim requested tank entry documents that had been filed aboard. We were unable to supply them as the office did not file them.

This system is only as good as the diligence of the people filing the documents at the point of capture. It is imperative that the correct documents are placed in the correct file and correctly titled.

We are still working on stabilising the replication issue which causes some files to move. The office now does not hard file any of the documents listed in the Colligo File list any longer.

Our intensified Navigation audits utilising serving Masters has really paid huge dividends. These inspections, combined with the ability to pass on best practice and mentoring of Officers has had a positive motivation for all involved. We have a long way to go on this project and we are depending on the filtering of best practice to carry on through our Mentoring Programme (see Mentoring discussed later).

Blue Tracker has been implemented for two purposes. We understood that we were unable to monitor fleet performance and analyse trends and consumptions with our old spreadsheet system. This shortcoming was further highlighted when we were looking at complying with legislation requiring accurate recording of consumptions to calculate NOx and Sox emissions. While we are still implementing this system, the next step will be to capture the arrival/departure and noon messages in Blue Tracker, with the other required reports being stored in Colligo (departure stability, Cargo plan etc) and the crew list updated in HR manager.

We finally were informed in January that DNV and Q88 had been able to link their systems to allow data to be transferred between the two. We are still working with BASSNet and DNV to move data from HR Manager to DNV Navigator. Our aim here is to be able to prepare port paperwork for most ports, using the system (without duplication of data input), that can be prepared from multiple computers aboard. This will allow the delegation of paperwork to multiple officers aboard, thus reducing peaking workloads on Masters.

I have attended a number of industry forums and meetings, where the concern has been that the experience of junior officers is declining. The reason for this is complexed and varied, but the results are the same. Junior Officers are not always equipped for the expectations and competence required of them when they are proposed for promotion, and in some cases promoted. The result often is that they are placed in a situation for which they are not qualified or confident to resolve.

The outcome can be a failure, which destroys their self-confidence and dents their pride. It was for this reason we introduced the ranks of JNO and JEO. This has shown benefit to all participants but has not solved the problem for other ranks.

My call now is "let's get back to basics"

We need to ensure there is a transfer of skills between our different ranks. Time in educational institutions alone does not prepare a seafarer for facing the day to day rigors of being at sea. They simply ensure the basics are taught to launch someone into their career. We need to ensure there is a transfer of skills aboard the ships and in the office.

Older people may have experience and life skills, younger people may have innovation, technological and computer skills.

Also, very evident is the lack of soft skills taught in our technical environment. Qualifications are purely based on enhancing technical ability, with little or no time being devoted to management and organisational skills. These skills are required by Senior Officers aboard.

We have introduced the GWave training to help start to address the basics of the soft skill deficit. To compliment this programme, we are rolling out a mentoring programme. This programme will

encourage the transfer of skills between of seafarers' and also between seafarers' and office personnel.

On the surface this looked quite easy! Unfortunately, as we defined what we wanted to achieve it became apparent that we needed to do more work on the programme to ensure it was relevant, it was embraced and most important..... that it was going to achieve a transfer of genuine skills.

For mentoring to be successful both mentor and mentoree must have a bond of trust and understanding. Nobody should be forced into such a programme, otherwise it become a hollow academic exercise. We are still developing this strategy and we hope to launch it in the second quarter of this year.

As I mentioned in my opening statement we have also had some shortfalls. This will be addressed in the next phase of targeted campaigns:

- We continue to be dogged by errors and findings rooted in poor attention to detail, and not following established procedures. Complacency remains a worrying problem.
- Despite constant reminders we find transgressions of the SMS, sometimes for totally unfathomable reasons.
- The incorrect and lack of attention in filling out Work Permits and Enclosed Space Permits cannot be allowed to continue.
- We continue to have large amounts of the R and M budget being spent on repairs to equipment that has been damaged by incorrect operation or maintenance. (Human Error)

As we see the world markets recovering, and our fleet being more gainfully employed, I hope we can contain wasteful expenditure, and bring our daily operational cost in line with other companies we are benchmarked against. We have a fair amount of work to do in this area, both aboard, and in the office.

Thank you for the dedication and commitment you have shown through the year, and may we strive towards keeping our excellent SIRE and PSC record that we achieved over the review period. Keep working hard to avoid accidents, and report more Near Misses so we can avoid accidents through them.

Safe sailing and calm seas

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 2017 were reviewed and incorporated in our SMS system if the SMS required updating. A few circulars are reissued with new 2018 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 2017

External Audit Type	No. Of Audits	No. of NCR	No. Observations
ISM + ISPS	8	3	6
MLC	0	0	0
ISO9001	-	-	-
ISO14001	-	-	-
DOC (MPA)	1	0	0

The following **internal** audits were completed onboard the vessels during 2017

Internal Audit Type	No. Of Audits	No. of NCR	No. Observations
ISPS + ISM	30	134	238
Navigation	27	252	282

Analysis of Internal Audits

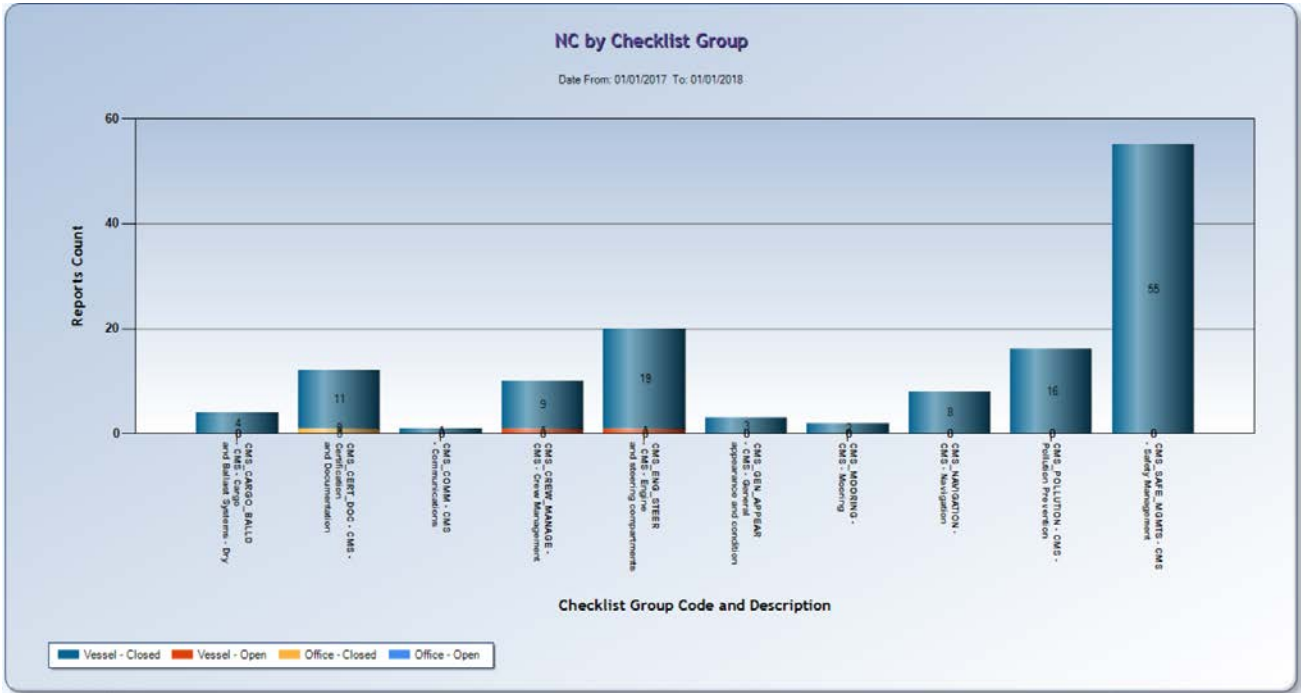
The following analysis of the audits was completed. Please note that for analysis purposes the audit findings are usually entered in BASSNet.

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.

Of concern in the analysis is the limited knowledge and use of the ECDIS equipment and software. This has been clearly identified during audits. The Office has taken appropriate action by having senior masters attend the vessel whilst sailing. An extensive navigation audit has been completed and associated mentoring completed thereafter. Other issues include permit to work forms not filled

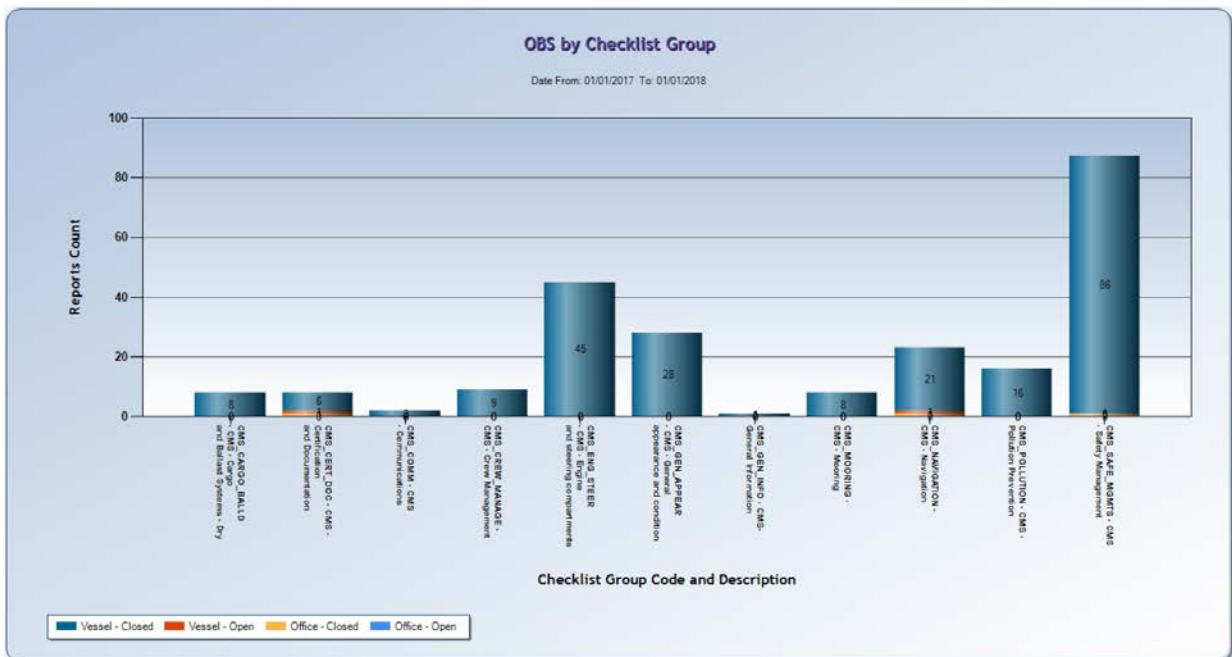
in or incorrectly filled in. Documentation in general needs to be reviewed and the SMT are to ensure the accuracy thereof.

Internal ISM Audits:



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

1. Safety Management: Enclosed space and hot wok permits not correctly filled in (3rd in 2016).
2. Safety Management: Is all loose gear in deck stores, on deck and in internal spaces properly secured.
3. Documentation: Company Standard forms not being used (1st in 2016).
4. Pollution Prevention: Verify garbage collection and storage.
5. Safety Management: Are immersion suits in good order.



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

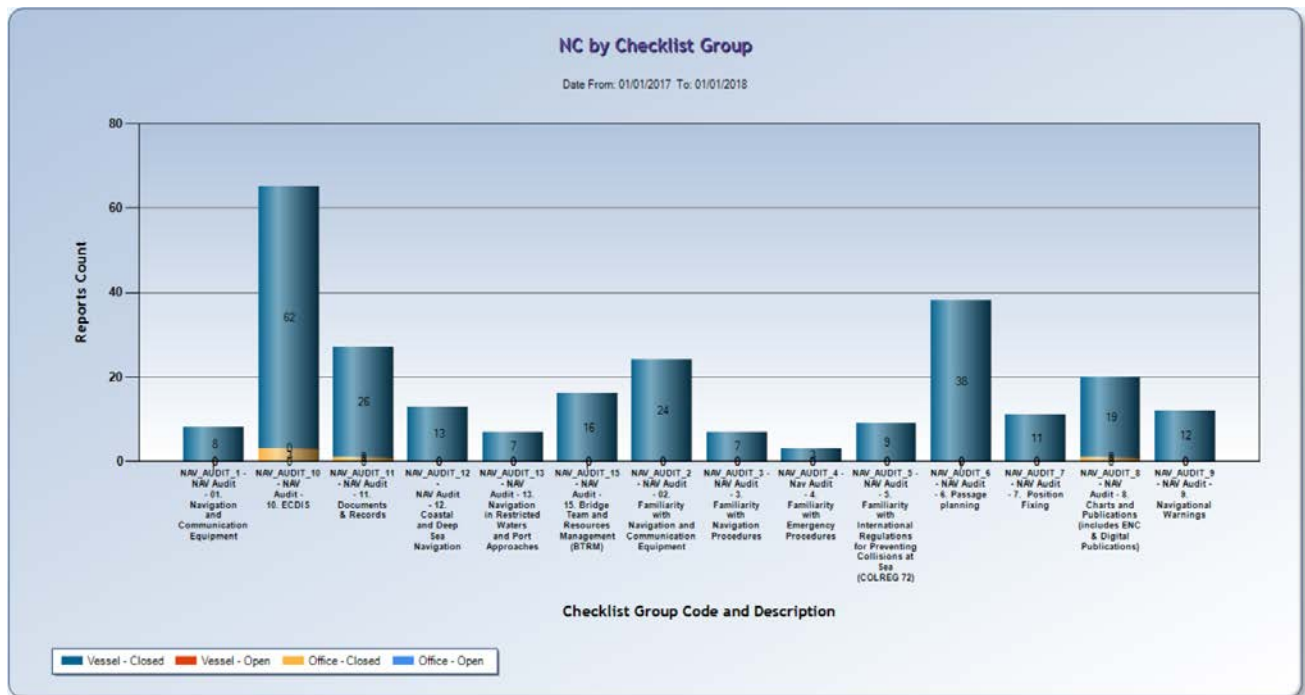
1. Engine Department Is the planned maintenance being followed and is it up to date.
2. Documentation: Crew ORIGINAL Certificates and Contracts onboard. (2nd in 2016)
3. Documentation: Are deck log books and bell books being correctly maintained.
4. General Appearance: walkways not painted with non-slip surfaces.
5. Navigation: The Master’s standing orders not complying with the SMS.
6. Pollution: The Ballast Water Record Book not correctly filled in.
7. Cargo: Does the Vessel PMS schedule inspections and maintenance of Cargo Gear.

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 Seagull not being completed.

Internal Navigation Audits:



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

1. ECDIS: ECDIS safety parameter settings (Safety Depth, Safety Contour, Shallow contour, Deep Contour are not in compliance with the SMS.
2. ECDIS: ECDIS (operation, interpretation, voyage planning, limitations, updating)
3. ECDIS: Training in case of loss of sensor input information carried out by Master.
4. Passage Planning: Comprehensive passage plan drawn up from berth to berth approved by Master prior to sailing.
5. Navigation warnings: File for NAVAREA warnings adequately kept up to date.

6. ECDIS: are ECDIS checks for pre-departure or taking over watch carried out.

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

1. Documentation: Other ship specific equipment.
2. Documentation: Following posters are displayed on bridge
3. Mooring: Responsible officer conducts a pre-mooring /unmooring toolbox talk with crew members.
4. Passage plans: Passage abort positions.
5. Passage Plans: Minimum clearance required under the keel in critical areas with restricted water depth calculated.

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 2018.

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.

Periodic review of Internal Audits for compliance with the ISM Code

Company has verified all those undertaking delegated ISM-related tasks are acting in conformance with the Company's responsibilities. Verification was done through review of internal audits, technical inspections, Navigation audits, Reviews by the Office on Colligo, incident and near miss analysis, deficiencies from PSC inspections, external audit non-conformance etc.

It was observed that each individual effectively implements and acts in conformance with company's SHEQ Management System. Each individual ensures that they are familiar with their responsibilities, authority and interrelationships.

Analysis of Incidents and Near misses

Incidents

There were 104 incidents for the Grindrod Fleet in 2017 (87 in 2015; 110 in 2016), 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 occurred in the IVS Fleet for 2017:

Spills:

IVS SPARROWHAWK: November

The vessel was in a floating Dry Dock. The vessel was pumping bilge water into a Yard supplied shore tank. Unfortunately, the shore tank was already full and 30 litres spilled onto the floating dry-dock.

Losses:

IVS WENTWORTH: January

Whilst at anchor, Bunker barge M.T. M. Rocio made contact on the vessel's portside, while manoeuvring to get alongside for bunkering operations. The following damages were noted onboard:

- Ship's structure on her portside life raft embarkation deck including her life raft and ladder.
- Portside railings on "A" deck and upper main deck including her mooring choke.
- Ship's hull on her portside quarter resulting to a dent inside the engine room bulkhead 2nd deck level, measuring approximately 125cm x 63cm with a convex of about 31mm. from the inside,
- A small deep scratch below the pilot combination ladder on her portside hull.

IVS HIRONO: February

Vessel approached Fujairah anchorage for bunkering. The vessel dropped port anchor at water depth of 120 mtrs. When bosun opened the anchor's brake, anchor's chain ran out very fast and could not be stopped using the brake. The whole port anchor chain (12 shackles) was deployed, only stopped by the bitter end. Damages include the chain locker bulkhead and outside frame buckled and bitter end deformed

IVS PHINDA: March

While the vessel was transiting the Bay of Biscay, loaded with birch logs for Gemlik, Turkey, she encountered bad weather. This resulted in her timber stanchions in the way of the port side of hatch 2 and 3 being deformed.

IVS North Berwick: May

Both the Stern tube bearing and the shaft Plummer bearing overheated and destroyed the bearing surfaces. Vessel required to drydock for replacement of both bearings. Root cause of the damage appears to be misalignment of the bearings w.r.t Main Engine. Now the subject of a claim against the Newbuild Yard

IVS Sentosa: May

Vessel was involved in a slight collision with a bunker barge, just after dropping the outward-bound pilot in Thailand. The vessel returned to the anchorage to be inspected for damages.

IVS Thanda: September

Vessel was inside the Gatun lock Panama assisted by locomotives, when the wire guide ropes of locomotive positioned on the vessel port bow came into contact with the port bow handrails and caused damage to the said handrails.

IVS Kawana: September

During hold cleaning after departure at port of Kandla India, damage was found on ships shell plating in cargo hold no. 2 port side in between frame no. 168 to 170. The damage occurred from the heavy equipment (Log digger) used by the stevedores during discharging operation.

LTI's and MTC's:

IVS Orchard: January (MTC)

After repairing the leaking funnel flaps actuator portside, the crew were assembling the actuator. The crew member believed that the actuator lock pin was already properly fitted, so he removed his hand from supporting the lever. Unfortunately, the lever snapped back and hit the crew members left eyebrow causing a laceration.

IVS KINGBIRD: March (MTC)

Whilst cargo hold cleaning and washing using Den jet, the secondary goggle was totally blurred due to fog formation. The crew member could not see through the goggle, so he lifted the goggle little allowing some air to clear the goggle while continuing to use the den jet. At this time a foreign object bounced back and penetrated to the crew eye that caused redness of right eye, due to presence of foreign body.

IVS Tembe: May (LTI)

Chief Cook was at the galley performing his routine clean-up of the exhaust duct. He was positioned on top of the galley electric cooking range area and under the exhaust duct. While trying to get down to the floor, his foot got caught on the railings by the pots. This made him fall, hitting the stainless counter's corner with the right side of his body, around the rib area. X-ray revealed a cracked rib.

IVS THANDA: August (FAC)

While the chief cook was frying fish fillet a bit of hot oil splashed over on his left face near the exterior part of the eye. He then used the eye wash right after the scalding. The scalding gave him weepy eye and mild redness.

IVS Swinley Forrest: November (LTI)

While crew carried out hold cleaning by using the Den Jet hydro blaster, a crew member accidentally hit his own hand when he released the nozzle without awaiting the pressure to drop causing deep cut/wound and laceration in his left hand. It later transpired the trigger mechanism had been wired open with no chance of stopping the jet in case of emergency.

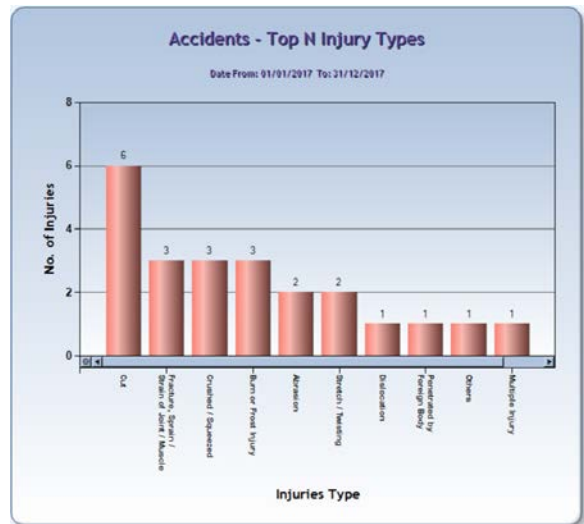
IVS Kingbird: December (LTI)

The Ch. Cook was arranging the provision store, he lost balance while lifting a package onto the shelf. He twisted his back, on investigation it revealed two disks were slipped.

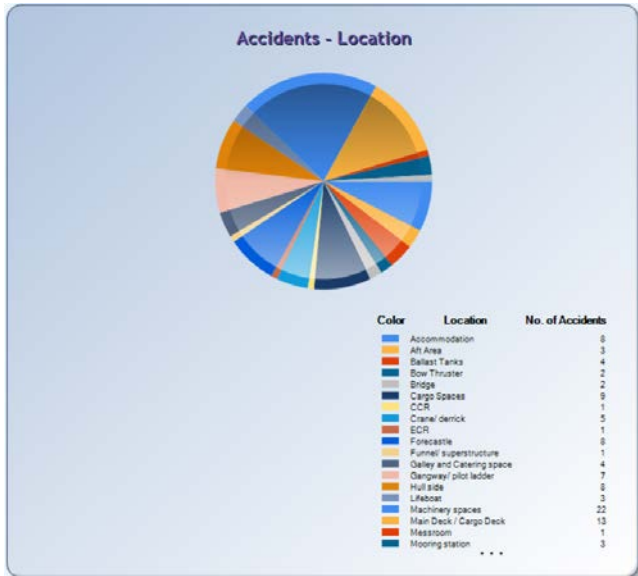
Due to the low number of incidents with injuries to the crew it has been decided to combine both fleets



Grindrod: Incidents by month

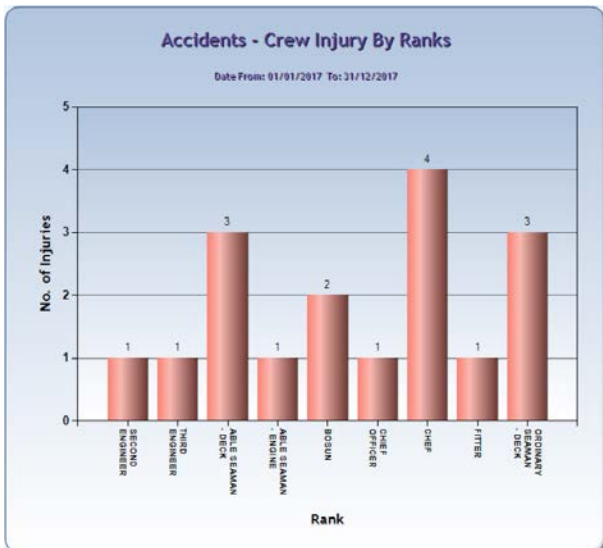


Incidents by Injury type

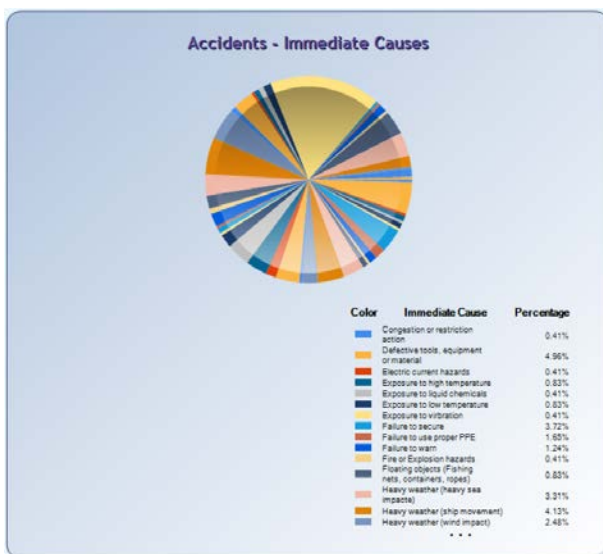


The top three **Location** of Incidents include:

- 20% Engine Room
- 10.5% Main Deck
- 8% Cargo Spaces



As can be seen in this analysis the majority of incidents happened to the Catering department personnel. Most of the injuries are falling off elevated positions or back strains when lifting stores.

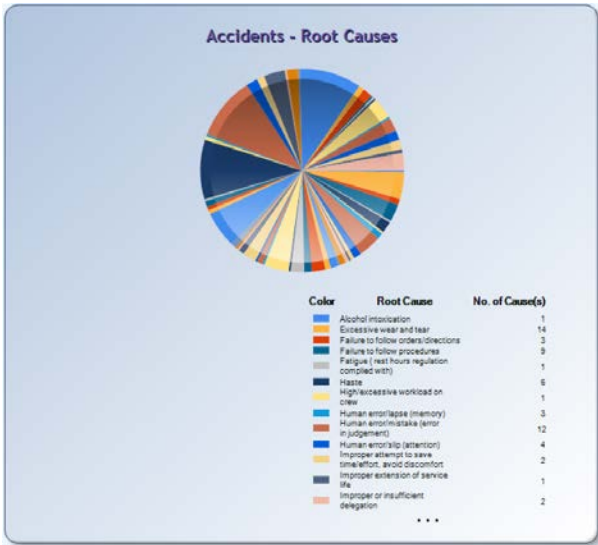


The top three **Immediate causes** of Incidents include:

- 17.4% Procedural Error
- 5.8% Machinery Breakdown
- 5% Machinery Malfunction

In summary – 17.5% the procedures are in place however there appears to be a lack of adherence with these procedures. The SMT is to ensure the crew do not “cut corners”.

Incidents – Immediate Causes



Incidents – Root Causes

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

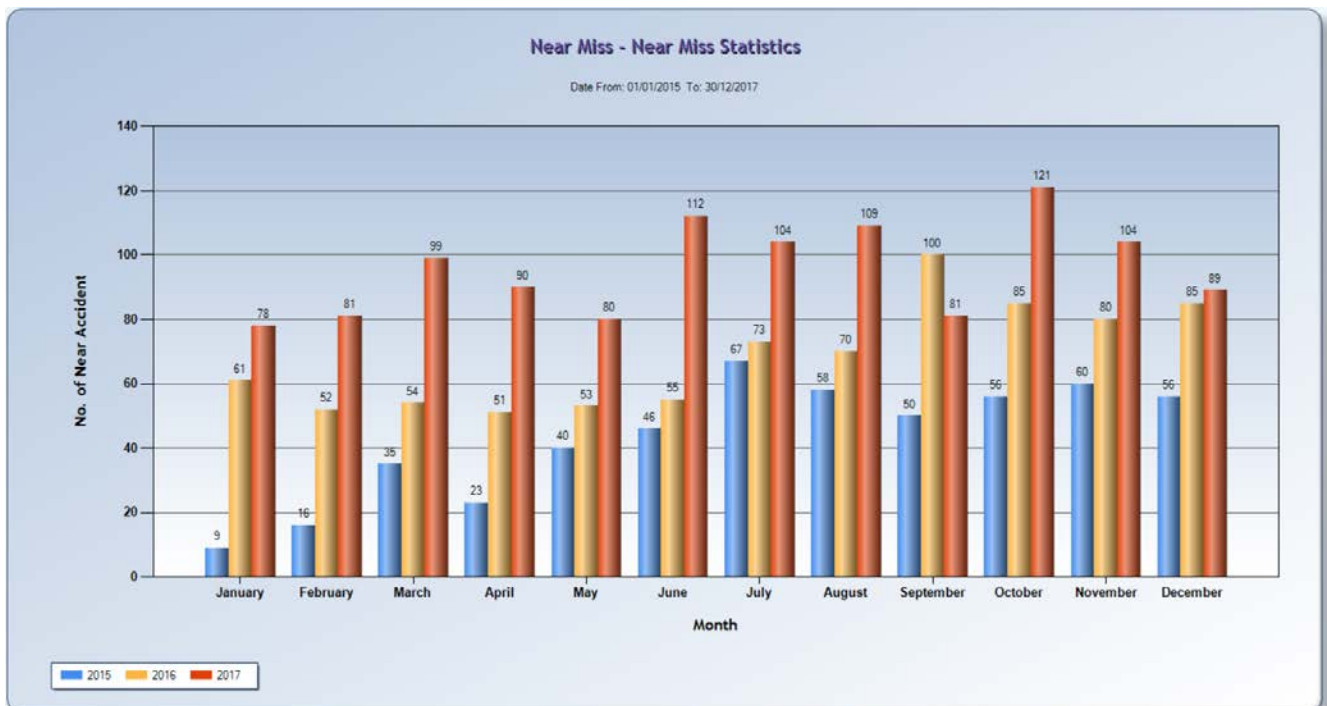
- 10% Lack of attention
- 9.9% Lack of situational awareness
- 9.8% Error in Judgement
- 5.7% Inadequate supervision.

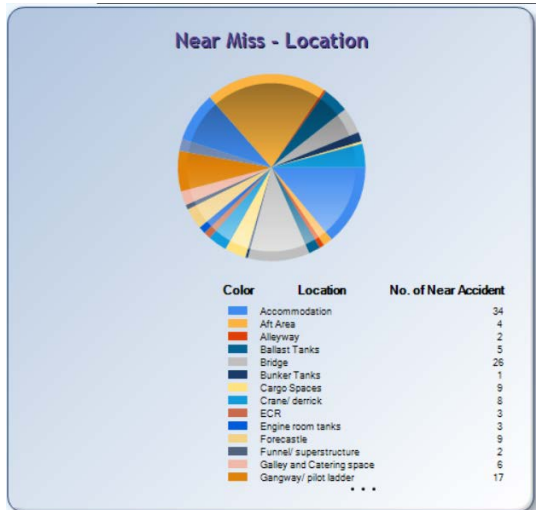
In summary - 30% Root causes of incidents is directly attributable to human error which may have its origins haste and not assessing the complete picture prior to commencement of the job. Hence the need for the Senior Management team onboard to oversee the jobs being performed onboard and enforce that “speed can kill”.

Near Miss

A total of 1600 near misses were raised during 2017 for both fleets. This is a 15% increase in the number of near misses raised in 2016 (1395 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 IVS Fleet, these account for 74% of the total near misses reported in 2017, up from 59% in 2016. This is a great improvement and shows commitment by the IVS Fleet

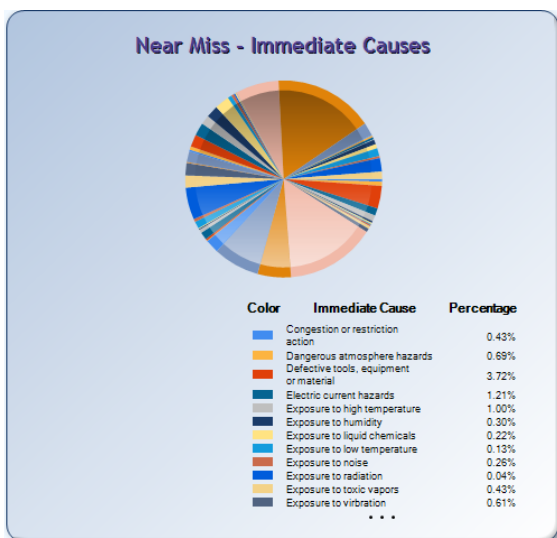
Where applicable the “Lessons learned” in BASSNet are being distributed to both fleets. These are then being read out during the Safety Management Committee meetings held onboard.





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

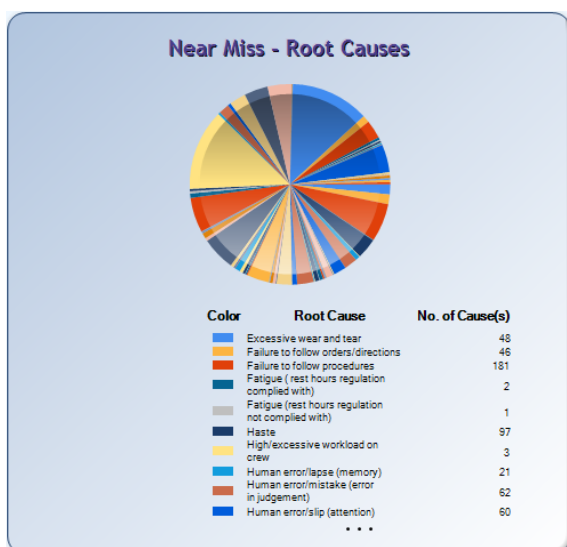
- 21% Main Deck
- 14% Accommodation
- 11% Bridge
- 8% Machinery spaces



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

- 16% Procedural error
- 15% Failure to secure
- 7% Failure to warn
- 6% Poor housekeeping

In summary – 37% 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 slightly lower than 2016 (43%)



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

- 13% Lack attention
- 12.7% Lack of situational awareness
- 6% Failure to follow procedures
- 5.6% Incorrect judgment
- 5.4% Inadequate supervision
- 3.1% Over confidence

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

IVS Shipping



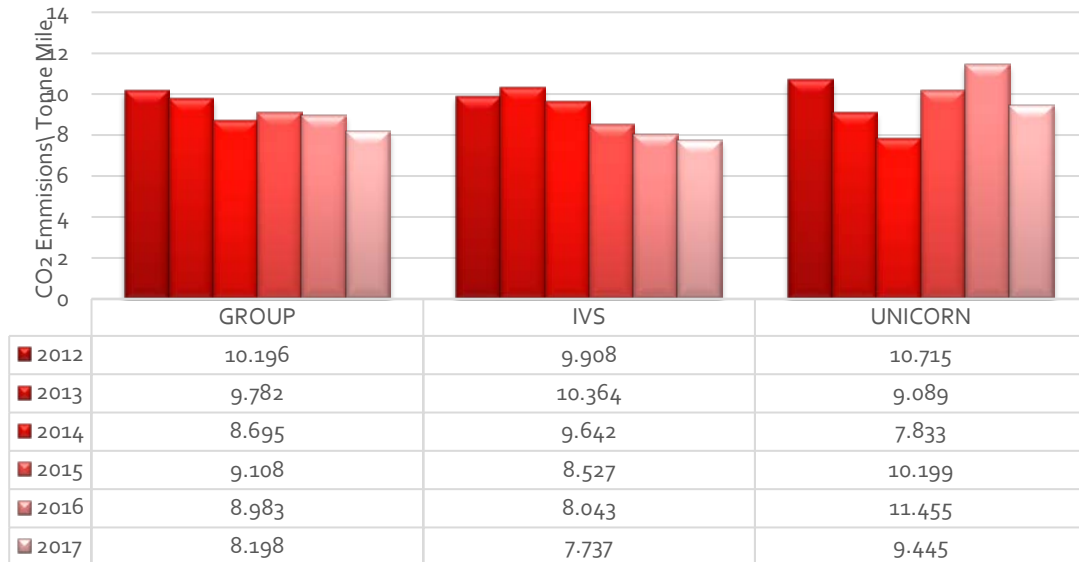
KPI	Comment by exception
Fatality	-
LTIFR	The Division has decreased the LTIFR target rate by 14.5% to 0.30 per 200 000 man-hours (rolling average) Remains below target and under control. Education measures regarding working with mechanical tools being completed onboard.

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.

The IVS Fleet are now recording incidents and injuries far more accurately over 2017. This has been backed up by the Office reviewing the Medical reports of crew received for payment by the Office. The IVS Fleet have made good strides with regard to the reporting of injuries during work. The Masters are encouraged to keep on the good work and not only to have a safe vessel but when injuries occur, to report them so that the rest of the fleet can learn from these injuries.

Environmental Performance

EEOI for Grindrod Shipping



EEOI for Unicorn and IVS

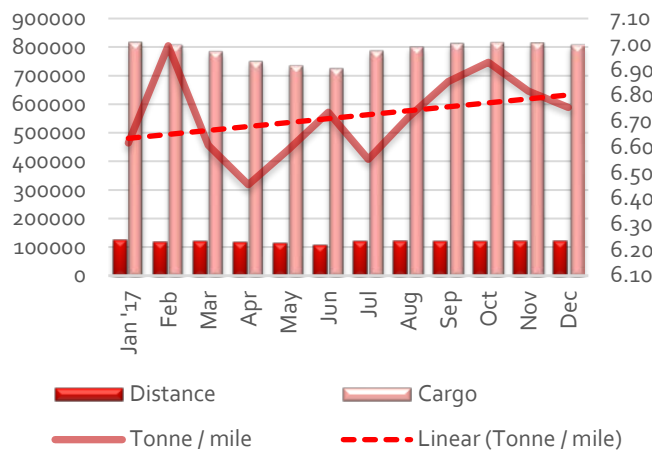
EEOI refers to the Energy Efficiency Operational Indicator, which takes fuel type, cargo and distance into consideration. Over all Grindrod Shipping EEOI has increased by 19% compared to 2012.

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.

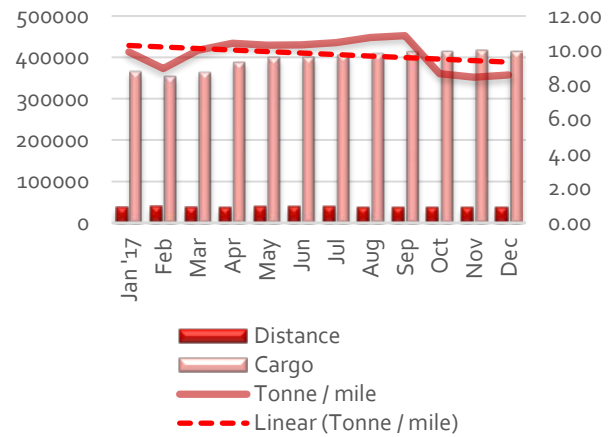
Variable frequency drives are now starting to show positive results with vessels on average being able to save 15 tons of fuel oil per month per vessel. This can be seen in the increased efficiencies now being realised in the IVS Fleet. The three Unicorn Tankers are also contributing significantly and are saving on average around 25 Tonnes of fuel per vessel per month.

In total 1918 tonnes of fuel were saved in 2017 or \$650 000 saved in fuel bills for the fleet.

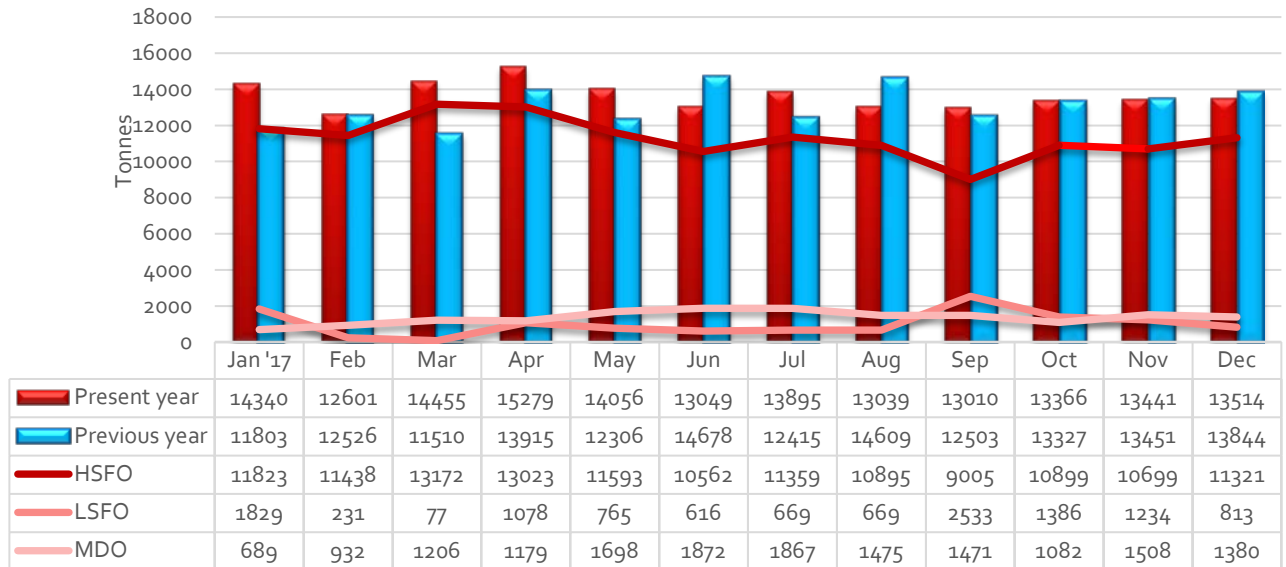
IVS Shipping Cargo vs Distance Travelled



Unicorn Shipping Cargo vs Distance Travelled



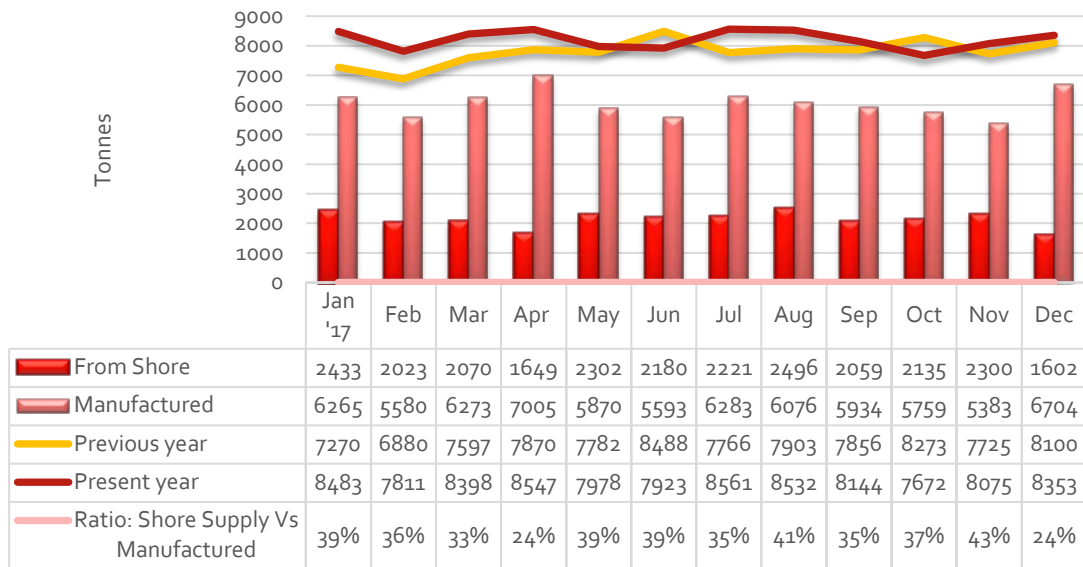
Grindrod Shipping Fuel Usage



KPI	Comments
Fuel	<p>1- Tracking started in June 2014.</p> <p>2- Potential tax liability for CO₂e using current thresholds, expected implementation July 2019. YTD totals shown this month, monthly totals will be displayed from July.</p> <p>The increase in Fuel Consumption is due to the increase of the size of Fleet</p>

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.

Grindrod Shipping Water Usage



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 two PSC Inspections:

IVS RAFFLES Dampier 02/05/2017: 14 PSC deficiencies; detained:

IVS KAWANA Xiamen 03/01/2017. 7 PSC deficiencies:

The above two vessel deficiencies (21) account for more than half of the total amount (40) of deficiencies for the Dry Fleet in 2017. These 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.

Year:	2013	2014	2015	2016	2017
Average no observations per inspection	1.5	0.9	0.7	0.65	0.60
Detentions	Nil	Nil	Nil	Nil	1

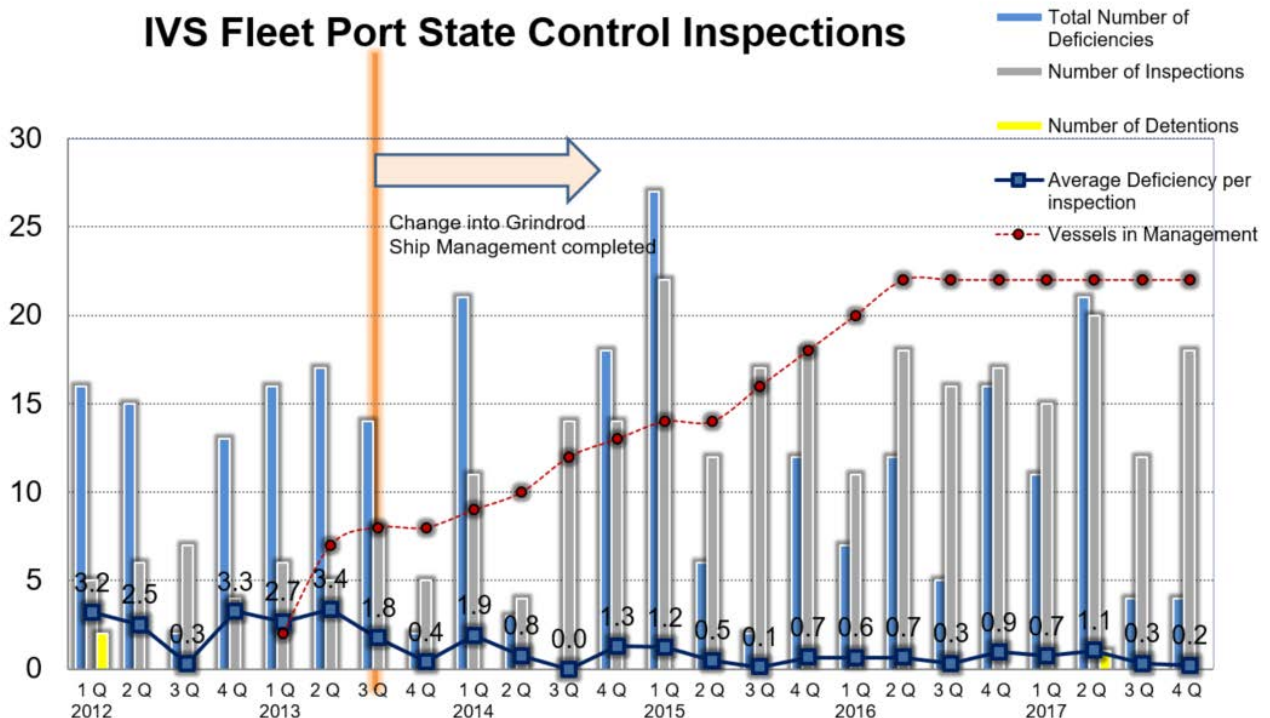
The Detention of IVS RAFFLES was a cause of concern. AMSA found that there had been a breach of the Load Line Code. The access hatches to 3 cargo holds could not be dogged down due to faulty closing mechanisms on the hatches. This issue had not been reported to the Office. The vessel received replacement closing mechanisms for the hatches. The sister vessels also received spare parts. An enhanced maintenance regime was set up for the hatches of all sister vessels.

AMSA then completed a very expanded port state control inspection of the vessel. Thirteen other deficiencies were identified. Many of the issues were electrical e.g. water ingress alarm indicator lamp, automatic 3-way discharge valve for sewage. Emergency preparedness was also an issue onboard with the OOW not being able to manually launch the rescue craft.

The range of deficiencies onboard pointed to a vessel not being of the correct IVS standard. The Office has since the detention visited the vessel on numerous occasions to inspect the vessel and mentor the SMT and crew onboard.

IVS KAWANA received 7 deficiencies in Xiamen China. Whilst many deficiencies were questionable, the fact is that 7 deficiencies were registered with the MOU. As a result, the vessel has been subject to four additional inspections during 2017. This is because the MOU's have now deemed the vessel to be high risk based on her previous PSC record.

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.



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 was one detention 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:

- Chinese ports fuel Sulphur requirements,
- PSC campaign on cargo securing manual, pilot ladder arrangements and Navigation
- Installation of ballast water treatment system which is mandatory as of June 2017, (Now delayed for 2 years),
- Annual Reporting of VGP to EPA,
- USA USCG and Australian ballast water exchange requirements.
- EU MRV – Measurement of Fuel being used when calling within European ports. Compulsory for Vessels starting 01/01/2018.

All new regulations were reviewed and found effectively implemented.

Customer Feedback / Complaints

In 2016 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.

Unfortunately, this has not had the desired effect with weighted monkey fists being found subsequently.

Risk Assessments

The Risk Assessments continue within BASSNet. The quality of risk assessments received from the Fleet remain are starting to improve following Office staff providing guidance whilst sailing on the vessel. The Office representatives are reminded to continue 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. However, in 2018 the Management of Change requirement will be removed from the IVS SMS and substituted with a simpler system. The MOC requirement is not applicable for the dry fleet

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 are to be followed to the letter, with no exceptions to the review of stevedore ID's etc.

Although the below example occurred in the Unicorn Fleet, it should be noted that the IVS fleet regularly sails in the southern Mediterranean. A drill has been completed by both offices in order to identify how to cope with such an eventuality:

Security:

RHINO: September

The Rhino, was requested by the Greek coast guard to go to the aid of a small wooden vessel in difficulty. At 22h30 commenced the operation to attempt to tow the boat to safety. This was unsuccessful due to poor weather, so the decision was made to board the migrants. All 103 immigrants were aboard by 00h54, and the crew were then instructed by the coast guard to proceed to Irakleiro, on Kriti Island.

Of the 103 migrants rescued, there were 21 children under the age of 12, and 25 women of which 3 were pregnant. One male required medical assistance for a wound on his arm. The migrants were from Iraq, Iran and Syria.

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 noncompliance onboard. Accordingly, ISF Watchkeeper software was provided on board for implementing rest hours in 2017.

Rest hours noncompliance / violations are being reported by Master to company and monitored. The Master is to ensure that both he and the crew member is to sign the monthly work/rest hours of the crew member. This signed copy should be made available to the crew member should he want a copy.

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.

A stern tube misalignment on the IVS North Berwick led to her being dry-docked under guarantee in order to re-align the propulsion systems and stern tube.

Review of BASSNet

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

August 2017 saw the role-out of BASSNet 2.9. the appearance of 2.9 appears to be the same as 2.8 however there are numerous ‘behind the scenes’ improvements in reporting and monitoring of the functionality of BASSNet. Company staff should continue 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 BASSNet 2.9 system.

Technical inspections and Audit reports are uploaded in BASSNet.

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 SMS continues to be a dynamic tool for the fleet. It is regularly updated, the fleet is informed on a monthly basis regarding the updates to the SMS, with easily identifiable updated references available.

COLLIGO was also rolled out to the Fleet which is a more streamlined document control and month end reporting system 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.

In 2018 the Office will concentrate a little more on “soft skills” and encourage a Mentorship program so that the SMT can empower the junior officers to become a more skilled and complete officer.

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 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.

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)

2017 HSE INCIDENT STATUS – HOW ARE WE DOING?							
INJURIES AND DEATHS	2016	Quarterly Results				2017	
	Results	1Q	2Q	3Q	4Q	Target	Actual
Deaths <i>(Unnatural or Accidental)</i>	1	0	0	0	0	0	0
Lost Time Injury <i>(Day Away from Work)</i>	4	0	1	0	3	5	3
Medical Treatment Cases <i>(External treatment/assistance req'd)</i>	2	2	0	0	0	9	2
First Aid Cases <i>(On-board treatment only)</i>	13	1	3	3	2	12	9

SPILLS AND EMISSIONS	2016	Quarterly Results				2017	
	Results	1Q	2Q	3Q	4Q	Target	Actual
Spill <i>(Into the Environment)</i>	0	0	0	0	1	0	1
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	2016	Quarterly Results				2017	
	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>	0	0	1	0	0	1	1
Serious Damage / Loss <i>(\$5000 to \$500000)</i>	3	2	1	1	1	8	5
Minor Damage / Loss <i>(Less than \$5000)</i>	1	1	0	2	0	13	3

Quality and Customer Service	2016	Quarterly Results				2017	
	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	2016	Quarterly Results				2017	
	Results	1Q	2Q	3Q	4Q	Target	Actual
Near Miss Reports FOR IVS FLEET only	819	258	282	294	315		1149

Positive outcomes

- No pollution incidents
- No fire incidents
- Average PSC deficiencies per vessel per inspection is about 0.60
- No PSC detentions
- No drug and alcohol offence on any vessel
- No permanent total disability / Permanent partial disability

Areas which require improvement

- Navigation
- The vessel completing forms which have been supplied via the SMS

Action plan for continual improvement 2018

Refer to attached sheet for action plan

S.NO	Item	PIC	Target date	Status
1	Compliance with Data collection system for fuel oil consumption of ships	Brett	01 Mar 2018	
2	Compliance with revised Garbage management plan	Rajaraman	15 Feb 2018	
3	Prepare new biofouling management plan to meet California and New Zealand requirements	Rajaraman	01 Apr 2018	
4	Singapore office Management Review	Quentin / Hilton	19 Apr 2018	
5	Safe manning review	Hilton/ Randy/ Gavin	01 May 2018	
6	Crew conference at Manila	Hilton/ Randy/ Gavin	23 MAY 2018	
7	Prepare new SEEMP to include Fuel oil monitoring requirements	Brett	31 May 2018	
8	Integration of BASSNet & DNV NAVIGATOR with Q88	Subu/ Marine supt	01 June 2018	
9	Install TEST KIT on board for testing potable water so as to avoid using bottled water	Rodney	31 Dec 2018	
10	Training of Technical staff on Entries into the ORB	Hilton	31 Dec 2018	
11	G Wave to be rolled out to the Office and to the Fleet	Gavin	31 Dec 2018	
12	Vendor list to be reviewed	Rodney/Debbie	31 Dec 2018	
13	Quarterly stores list to be formatted and rolled out to the fleet	Rodney	31 Dec 2018	