

# Setting Minimum Requirements For StS Service Providers; *The Tanker Operators' Perspective*

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## Purpose and Relevance

This paper establishes minimum audit requirements – “Base Line Criteria” – for STS Service Providers. The elements used in the paper come from OCIMF’s *“Ship to Ship Service Provider Management, Incorporating STS Service Provider Self-Assessment”* published in 2011 and the suggested baseline reflects the particular responsibilities and concerns of Tanker Owners.

The processes described in the paper are particularly relevant given the recently published requirement in ExxonMobil’s MESQAC (*“Marine Environmental, Safety and Quality Assurance Criteria”*) that from 1<sup>st</sup> January 2018 Tanker Owners will have to assess specific operational and locational aspects prior to each STS operation.

## Introduction

Ship to Ship transfer operations have become a convenient way of transferring wet cargoes, either for lightering or trading purposes.

Standard charter parties now include STS operations as an option available to the charterer who will specify the location, arrange, and pay for, an STS service provider who will provide the equipment required for the STS operation and an experienced superintendent (POAC) to advise the masters of both the participating vessels.

The individual master remains responsible for the safety of his ship at all times and the Tanker Owner is likely to be held liable if an incident occurs. Tanker Owners must therefore be able to assess the suitability of any STS

service provider who could endanger the safety of his ship.

A number of oil majors and traders currently undertake audits of STS operators for their own purposes and protection. Such audits are not transparent and are not available to Tanker Owners who may face the risk and carry the liability.

However, Tanker Owners also have to be able to assess the likely efficiency of an STS service provider and must be able to provide the required technical information to their Master to allow him have confidence in the quality of the services likely to be provided by the STS Service provider and the POAC.

By introducing a transparent audit process with “base line criteria” for STS Service providers, on behalf of Tanker Operators, onlineSTS.net seeks to safeguard the interests of its members. By introducing such baseline criteria this audit process focuses on ensuring a minimum safety level for the provided services.

The process uses the self-assessment scheme developed by OCIMF as the basis of setting the baseline for auditing STS service providers.

The number of STS operations undertaken, the performance record and the experience of an STS service provider are important indicators of likely competence. The consistency of the management system is important since it constitutes a reliable barrier against complacency. Such a system is the best way for a company to gain knowledge, act proactively and eventually build and maintain a trusted safety culture.

<sup>1</sup> This is a “live” document and it subject to amendments following feedback received from the Industry.

The audit process seeks to benefit all prudent organizations involved in STS operations working together towards reducing risk, enhancing safety and avoiding marine pollution. In working towards these goals there should be no conflict of interest between any of the parties involved in STS operations.

The audit process has been tested and is ready to be implemented.

### Tanker Owner Objectives

From the tankers Operators' point of view, the following objectives have to be satisfied, prior proceeding with an STS operation:

1. All necessary equipment and safeguards for the forthcoming operation should be in place. The Service Provider should assist the Master to identify and put them in place and on time.
2. Some Service Providers offer good quality services while others offer better services. Tanker Owners need only to avoid substandard services.
3. Tanker Owners are required to focus only on a specific operation each time. As a normal practice, Tanker operators will not have a long business relationship with the Service Providers; their interest is limited to the successful completion of the upcoming operation. For Tanker Owners evidence of long-term commitment and sustainability will be an indication of the quality of service likely to be provided by an individual STS Service Providers, The previous performance of the STS Service Provider in operations with similar characteristics should be taken into account as far as this indicates their expected performance for the forthcoming STS operation.
4. Tanker Owners have normally a very specific obligation in their charter party. They have to perform STS operations according to latest OCIMF guidelines. The STS Service Provider plays an essential role in ensuring Tanker Owners comply with the OCIMF guidelines.

### The approach of onlineSTS.net (on behalf of Tanker Owners)

Generally, the only way to ensure the quality profile of a company is an independent onsite audit. Nonetheless, it

is obvious that it is practically impossible that all tanker operators will audit all STS Service Providers.

The approach of DYNAMARINE, through the onlineSTS.net auditing concept, is to establish a fully transparent and shared audit scheme on behalf of all its members. This approach, apart from being financially feasible, also has a number of positive side effects with respect to healthy competition and the development of an advanced safety culture. The main principle that governs this initiative is that the procedure will be fully transparent and open for productive dialogue across the STS industry.

Another important principle is that the process should be harmonized with OCIMF publications. All OCIMF guidelines should be taken into account; either by following the proposed guidelines, or by justifying the need for of alternative safe techniques. The importance of this principle is obvious. Although OCIMF publications may have room for improvements, currently, this organization has set the most complete and reliable framework. In the same way, all IMO regulations and standards have to be fulfilled.

Flexibility is also important. The baseline audit criteria should be as uniform as possible, Moreover, local parameters, size of the organization, annual number of STS operations or other relevant matters issues may also be equally important and must be taken into account, as long as this is justified and transparent.

Practicality is also an important factor. Comprehensiveness and simplicity should be maintained as they play a significant role towards ensuring safety. STS Service Provider should easily understand and be able to follow the requirements.

Additionally, the STS Superintendent should be capable of assessing risks and of providing advice that is practically correct and supportive to the role of the Master. The STS equipment should appropriate for the intended operation and well maintained, taking into account best industry practices. The operation should be well planned in every respect with due consideration given to all foreseeable risks.

From the Tanker Owners' point of view, it is of paramount importance that vessels be promptly and

comprehensively informed of all relevant requirements and intended procedures

**The Baseline required by Tanker Owners**

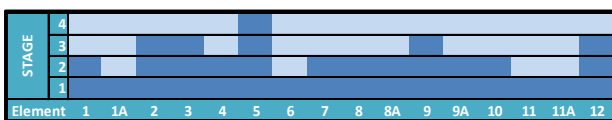
To practically implement the auditing scheme a baseline has been established. The baseline shown below is presented in terms of the stages of OCIMF self-assessment for the STS Service providers. This baseline is open for constructive review and comment by all STS stakeholders.

The Self-Assessment scheme developed by the OCIMF includes 12 principal elements that address(?)KPIs relating to adopted policies and procedures. Each element consists of 4 stages and each stage a number of KPI’s. (Similar scheme with the TMSA2??)

The level of compliance depends on the safety culture as well as on the available resources of the service provider which is directly linked to the size of the organization, volume of STS operations conducted and the operator’s perception of sustainability without compromising safety.

KPI data provides an opportunity for STS Service Providers to use the results in managing their continuous improvement programs. STS Service Providers may decide to use KPI data as a stand-alone decision-making tool or in conjunction with the management tools they currently use for improving their quality systems. In either case, the feedback should give STS Service Providers a clear, objective picture of their performance and allow them to identify gaps and plan future improvements.

All elements address KPI’s associated with SAFETY factors as well as procedures that regulate the impact and management of such factors within each organization. DYNAMARINE considers that the minimum level of compliance, as a base line, for a prudent organization is conveyed through compliance with the the identified stage, or stages, for each individual element. This is depicted below:



■ Required for compliance  
 ■ Above minimum standards

The OCIMF elements and KPIs, is a first approach to express minimum requirements. There is room for improvement - however, for sake of simplicity and standardization., any additional requirements other than the KPIs proposed by OCIMF should be kept to a minimum.

The first stage of each element is always considered as “required”. It is important that all available records should be consistent with the system presented by STS Service Providers. Tanker Owners are recording the performance for each STS operation they conduct. These records should always be taken into consideration.

Communication between Tanker Owners and STS Service Providers is of paramount importance. All communication procedures will be validated based on Tanker Owners’ requirements.

APPENDIX I includes a summary of the Self-Assessment KPI’s as presented at OCIMF Ship to Ship Service Provider Management, First edition 2011.

**The baseline analysis**

An analysis of all elements is provided below together with a justification for the adopted baseline.

**1 Management, Leadership and Accountability**

*Minimum stage: 2*

This element is focused on Safety and Environmental excellence and how this is treated throughout the SMS of the STS Service Provider. By fulfilling the first 2 stages, the management of the STS Service Provider shows their level of commitment and that their employees understand and implement their vision.

Stage 3 examines the introduction of Key Performance Indicators and the long-term vision of the management. Although this stage is important for an organization that intends to stay in the business for a long time, it has little to do with the safety of the next operation, which is what the Tanker Operator is worrying about.

In general stage 3 and 4 deal with the long-term improvements. For this reason, Tanker Owners require a minimum stage 2 for this element. Nevertheless, for large organizations which conduct a considerable number of



operations annually, it is strongly recommended to go further than stage 2.

### **1A Management, Leadership and Accountability**

Minimum Stage: 1

This element focuses on specific features of the SMS that are important for Safety and Environmental Excellence. Stage 1 includes elementary features and thus it is considered mandatory. Further stages deal with more advanced features. These features are important for the quality and sustainability of the company; however, they are not relevant for the next STS operation on which Tankers Owners will necessarily focus.

### **2 Recruitment and Management of Personnel**

Minimum Stage: 3

This is one of the most important elements because this refers to the STS Superintendents and the procedures of their recruitment.

The recruitment procedure, the appraisal system and the personnel management is of utmost importance for the Tanker Owners in order to ensure that STS Superintendents will have all the required knowledge and skill to assist masters efficiently. For this reason, the first 3 stages are considered mandatory by Tanker Owners

The last stage focuses on supporting personnel to increase their skills and education to higher levels. This stage is not considered mandatory by Tanker Owners.

### **3 Due Diligence regarding Transshipment Locations**

Minimum Stage: 3

This element deals with the assessment of STS locations. It includes also the assessment of operational subcontractors, such as freelance STS Superintendents, equipment providers, etc. according to element 6.

For Tanker Owners, the assessment of location is important and the first 3 stages are considered mandatory

by them. Suitability, security and risk assessment are included in these stages.

Stage 4 deals with the systematic documentation of the procedures of each transshipment location. For new or small organizations, this stage may not be mandatory, provided that all safeguards, controls and risk mitigation measures are in place.

### **4 Reliability and Maintenance Standards**

Minimum Stage: 2

In this element, the maintenance of equipment is analyzed. Stages 1 and 2 are considered mandatory by Tanker Owners because they ensure consistent management of the equipment, clearly documented certification and a proper maintenance system.

The remaining stages deal with advanced features, such as redundancy in equipment, disposal policy, tracking etc. These features assist STS Service Providers to manage their equipment more efficiently, avoid delays and assist to a low environmental footprint of their organization.

### **5 STS operations**

Minimum Stage: 4

This is the most important element regarding actual operations. It assesses operational features during the STS operations. All stages of this element have direct impact to the next operation and are important for tanker operators.

It is also important for this element to ensure that STS guidelines of OCIMF are fully complied with. Whenever recommendations by OCIMF are not followed, the alternative safe technique should be fully justified.

Tanker Owners are open minded and trust the expertise of STS Service Providers however the complete justification of safety issues is of the utmost importance to individual masters.

### **6 Employment of Contractors and Subcontractors**

Minimum Stage: 1

Element 6 assesses procedures associated to the hire of subcontractors for services directly related with the STS

operations, such as freelance STS superintendents, equipment providers etc. These procedures are examined in element 6 (Assessment of Transshipment locations) and is required to fulfill stage 1

Other subcontractors should also fulfill the basic criteria of stage 1.

Stages 2 to 4, which require a more thorough assessment of the SMS of the subcontractors, are important for excellence; however, they are considered to support improved efficiency and aspects of long-term vision that are not the essential for the next STS operation.

## 7 Management of Change

Minimum Stage: 2

Management of change plays an important role in ensuring safety. However, new and small organizations may not need a very complicated procedure for management of change.

Stages 1 and 2 examine the main structure of the procedure and some important features like the risk assessment, the training needs, the handover procedure etc.

Remaining stages are assessing a number of additional features like familiarization, documentation and management involvement.

Tanker Owners decided to request stages 1 and 2 of this element, which is adequate for new and small organizations. In cases where an extensive change takes place, especially for large established organizations, it is strongly recommended that stages 3 and 4 should also be considered.

## 8 Incident Investigation and Analysis

Minimum Stage: 2

In element 8, incident investigation procedure is examined. Stages 1 and 2 deal with the features of the actions taken after an incident. Although incident investigation is not directly affecting the next STS operation, is an important indication of the safety culture of the company. Therefore, the first 2 stages are considered important and mandatory by Tanker Owners.

Stage 3 requests similar actions for near misses and stage 4 refers to an advanced safety culture that supports the entire industry. Stages 3 and 4, though recommended, are not considered to be mandatory by Tanker Owners.

## 8A Incident Investigation and Analysis – Training

Minimum Stage: 2

The training of the incident investigators is important. Stages 1 and 2 depict advanced incident investigation training. Stage 3 encourages mainly the practical experience and stage 4 the continuous training scheme.

As with element 8, Tanker Owners consider that the first 2 stages should be mandatory.

## 9 Safety Management – Shore Based Monitoring

Minimum Stage: 3

Monitoring is very important for safety and Tanker Owners needs to know that all procedures are adequately monitored.

Stage 1 examines the onsite visits. Stage 2 takes into account a number of features regarding the risk assessment. Stage 3 ensures the monitoring of specific KPIs and the relevant targets. All three steps are considered mandatory by Tanker Owners.

Stage 4 deals with advance management review features which has great value mainly for maintaining consistency in larger organizations but are not considered to be mandatory by Tanker Owners.

## 9A Safety Management – Monitoring During Operations

Minimum Stage: 2

Shore monitoring during operations is important. Stage 1 refers to the implementation of a number of significant points that normally are already planned during the planning phase. Stage 2 depicts the personalized training of the personnel. These 2 stages are important for Tanker Owners because they provide an extra safeguard that the operation will be conducted as planned and that the involved personnel is appropriately trained.



The remaining stages examine the overall safety culture on site and the implementation level of the continuous improvement scheme of the operational staff. These features focus primarily in the long term vision of the company and are not considered mandatory.

Especially for small organizations it is important to allow for space and time in order to gradually implement stages 3 and 4. Large organizations should consider stages 3 and 4, which is highly recommended.

## 10 Environmental Management

Minimum Stage: 2

The management of environmental issues is important and Tanker Owners are committed in several ways to assist to the protection of the environment.

Thus, an accepted environmental policy, along with a basic action plan should be considered mandatory (stage 1). Stage 2 is also considered mandatory in order to ensure that there is an efficient system in place that ensures that current regulations are always taken into account.

The remaining stages examine monitoring, target setting and advanced action planning. The environmental footprint of an STS Service Provider during the next few (?) operations may be considered important enough to require fulfillment of stages 3 and 4. Probably larger organizations, who need a stronger reputation, may find the 2 last stages equally important.

## 11 Emergency Preparedness and Contingency Planning

Minimum Stage: 1

It is obvious that a robust contingency planning should be in place. Thus Stage 1 is considered mandatory by Tanker Owners.

Stage 2 and 3 examine the Preparedness and redundancy level of the STS Service Provider. Tanker Operators do not consider these Stages mandatory provided that realistic drills are conducted (element 11A).

Stage 4 examines the external resources and the conduction of realistic drills. Stage 4 is also excluded from the minimum required on behalf of tanker operators.

## 11A Emergency Preparedness and Contingency Planning

Minimum Stage: 1

This Element assesses the procedures related to the conduction of realistic drills. As far as realistic drills are conducted (Stage 1), tanker operators decided not to focus this Stage. It is however obvious that it is for the benefit of the service provider to follow the remaining stages, in order to get the most out of these drills and utilize them to improve their procedures and efficiency.

## 12 Management System Review

Minimum Stage: 3

The Management System Review and the auditing process ensure the consistency of the entire management system. Consistency is of utmost importance and thus stages 1, 2 and 3 are considered mandatory by Tanker Owners. The audit plan, the training of Auditors, the reporting and the follow up are assessed in the three first stages.

Stage 4 refers to advanced analysis of the audits and this may not apply to small or new organizations

## APPENDIX I

Element	Stage	KPI Title
<b>1</b>	1	Management Commitment
	2	Employee Involvement
	3	Standards and Targets
	4	Monitoring
<b>1A</b>	1	SMS concistency
	2	SMS comprehensivness
	3	Effective feedback
	4	Benchmarking and SMS effectiveness
<b>2</b>	1	Recruitment of STS superintendents
	2	Performance Monitoring of STS superintendents
	3	Retain and improve skills of STS superintendents
	4	Supporting excellence of STS superintendents
<b>3</b>	1	Suitability
	2	Security
	3	Risk Assessment
	4	Safequards / controls /measures
<b>4</b>	1	Basic equipment management
	2	Maintenance management
	3	Effective maintenance
	4	maintenance excellenge
<b>5</b>	1	Basic STS procedures
	2	OCIMF compliance
	3	Risk Assessment
	4	Concistency
<b>6</b>	1	Basic selection criteria
	2	Advance selection criteria
	3	Risk based SMS
	4	Self Assessment
<b>7</b>	1	MOC Procedure
	2	Ensuring objectives of Management Of Change (MOC) Procedure
	3	Advanced MOC Procedure
	4	Management involvement
<b>8</b>	1	Basic Procedures
	2	Ensure Objectives of investigation
	3	Near misses
	4	Support Industry Safety
<b>8A</b>	1	Training
	2	Advanced Training

	3	Practical Experience of leader
	4	Continous Training
<b>9</b>	1	Annual on site monitoring
	2	Risk Assessment
	3	Safety Review
	4	Management review
<b>9A</b>	1	On site monitoring
	2	Personalised training
	3	Safety culture on site
	4	Safety culture at shore
<b>10</b>	1	Environmental Policy
	2	Monitoring of updates and regulations
	3	Monitoring of Environmental performance
	4	Environmental action plan
<b>11</b>	1	Effective Contingency Plan
	2	Emergency Response
	3	Response Team Redundancy
	4	External Resourses
<b>11A</b>	1	Regular Realistic Exercise
	2	Lessons Learned
	3	Advanced Tests
	4	Test the enquiry of external resources
<b>12</b>	1	Audit procedures
	2	Concistent Auditing scheme
	3	Follow up
	4	Continous improvement