

## THE ARCELORMITTAL VETTING PROGRAMME - GOAL AND PROCEDURES

Dear Owner, Manager, Superintendent, Master,

As from 2009, ArcelorMittal noted that the usual tools used for selecting and fixing vessels for transporting their steel products, such as IACS classification, IG Group club cover, PSC inspections and defects/detentions alone did not suffice to guarantee claims-free transport of steel products. Therefore, ArcelorMittal, together with their underwriters (HDI Global), brokers (Marsh) and surveyors (IMCS Belgium) decided to set up a cargoworthiness focussed vetting program for chartered tonnage. Within the scope of the ArcelorMittal Vetting program, attention is focused on a number of claim-generating items such as hatch covers (ultrasonic test and visual inspection), bilges (visual test and test for suction and backflow), ballast tank leakage (ballast tank pressure test) and salinity test of the cargo hold structure (test for presence of chlorides).

### GOAL OF THE ARCELOR MITTAL VETTING PROGRAM

The main goal of the program is to reduce risk exposure resulting from wetting damage during the transport of steel by sea (the main cause of expensive cargo claims). Reducing risk is not only an advantage for ArcelorMittal and their clients, but also for shipowners, managers and the ship's staff. The ArcelorMittal vetting program provides multi-faceted benefits such as reduced claims, good company image, less legal issues, less damage surveys, guidance on cargoworthiness issues, etc..

Furthermore, and by basing themselves on the inspection results of the vetting program, the chartering desk of ArcelorMittal can select the right ship for the type of products and intended trade in a quick and efficient manner.

The condition of the inspected ships as well as the response from owners/managers/ship's staff to identified issues (if any) are being used by ArcelorMittal to identify owners and managers who support and embrace the ArcelorMittal quality policy. Within the scope of a logistic partnership policy, such owners or managers will then be considered as preferred partners for the maritime part of the logistic chain, which may result in more regular employment.

Finally, a well-structured and efficient approach of the program facilitates the fixing process significantly and reduces the papermill and time involved in fixing vessels to a minimum. This is equally in the benefit of the ship owners, managers, operators and brokers.

### RESULTS OF THE PROGRAM

The program was implemented in 2010. Analysis of the inspection results shows that by adhering strictly to the program, the claims generated by wetting damage between 2013 and 2018 reduced significantly. It also shows that in this period, the quality of the chartered fleet has improved significantly thanks to the support, efforts and cooperation from ship owners, managers and crew of the chartered fleet.

## VESSEL STATUS AND RATING

After an inspection is carried out, and in case deficiencies are found during the inspection, a findings list and hatch cover tightness test report will be presented to the Master. A copy of this report is left on board. After processing and evaluation of the report, a copy is sent to the managers by email with a request for feedback once corrective actions are taken.

At the same time, the inspection results are uploaded on the ArcelorMittal vetting platform. Based on the inspection results, a colour code based rating will be appended to the vessel.

The colour code based rating system allows the vessels of the chartered fleet to be classed in 4 categories, i.e.:

<b>Green:</b>	No defects found that may affect the vessel's cargoworthiness (it may be that a minor or non-cargoworthiness related defect is listed just for the sake of good order as it was picked up during the inspection, but this will not affect the vessel's rating).
<b>Yellow:</b>	Minor defects which may have a limited impact on the weathertightness/cargoworthiness of the vessel when not dealt with in due time. Normally, defects under the "yellow" category can easily be addressed by the ship's crew (minor repairs) as part of the ship's day-to-day maintenance plan, or by the vessel's managers (especially in cases where procedures/manuals/checklists are not provided or insufficient).
<b>Orange</b>	More serious defects that have a direct impact on the vessel's weathertightness/cargoworthiness and which may require shore/specialist assistance in order to be rectified.
<b>Red</b>	Vessels which have defects of such a nature that both seaworthiness and cargoworthiness are affected.

## DISCLOSURE OF INSPECTION DETAILS

Nowadays, ArcelorMittal and IMCS Antwerp are regularly contacted by third parties requesting information on a vessel's status. As both the yellow and green status reflect the owner's commitment to maintaining a high-standard vessel, ArcelorMittal may decide to disclose the status of green and yellow vessels to external parties when requested. Details of orange and red rated vessels will not be disclosed and the requesting parties will be advised that they should contact the vessel's owners or managers for further info on whether or not the vessel was inspected or which status has been appended. This way, the decision to disclose this info remains the owners' and managers' ultimate responsibility.

## VESSEL STATUS & FIXING POLICY

Vessels rated green or yellow can be fixed without any problem and without the need of exchanging documents or time-consuming discussions. This significantly facilitates the fixing procedure.

Orange-rated vessels can normally not be used due to the elevated risk entailed by the defects found. However, following a risk analysis whereby a wide variety of voyage, cargo, value and sensitivity parameters are coupled to the type and severity of defects found during the inspection, orange rated vessels may still be fixed on a case by case basis, subject to the underwriter's approval. This underpins the strategy of a "non-police attitude" approach where vessels with certain defects can still be fixed. Furthermore, this further emphasises the aim of the program, i.e. improving the condition of the chartered fleet through mutual understanding and cooperation rather than sanctions.

Red vessels will never be fixed as they present an unacceptable risk to the ArcelorMittal cargoes.

When being fixed for the first time by ArcelorMittal, the vessel will be inspected on or shortly after arrival in port. It is important to note that, regardless of the fact that defects are found or not during this initial inspection, the vessel will be allowed to perform the current voyage for which it was fixed (unless serious defects are found whereby the vessel's seaworthiness is impaired in which case ArcelorMittal reserves itself the right to reject the vessel). However, it should be noted that, when issues are identified, vessels should take maximum precautions and/or make proper temporary repairs to mitigate risk. After this initial inspection, ArcelorMittal expects that the owners will repair the defects in a professional, proper and permanent manner in line with the maker's recommendations and good industry practice so that, when the vessel should be nominated for a new employment, the vessel's condition has improved.

It may be that, at time of the vetting inspection, the local steel mill where the cargo is loaded will also carry out an ultrasonic test. These ultrasonic tests are part of the mills' own quality strategy to ensure that the vessel does not show any leaks from hatch covers before loading for the forthcoming voyage. Such an ultrasonic test should not be confused with the ArcelorMittal vetting program inspections, which also include an ultrasonic tightness test but consist of a more comprehensive inspection.

## INSPECTION FREQUENCY

Inspections are valid for one year. After this, and when the vessel is fixed once more, a new annual survey will be carried out. There may be cases where, following more significant repairs, a follow-up survey will be requested. The scope of initial, annual and follow-up inspection is the same.

## **DURATION OF THE SURVEY**

Normally, the duration of a survey will be around 4 hours, but all will depend on the type of vessel, operational status of the vessel and cooperation received from the ship's staff and crew during the inspection. Surveyors will never disrupt shipboard operations and it is up to the Master to advise the surveyor as to which tests and inspections can be carried out. However, and in order to limit the time of the inspection, preparing for the survey by ensuring that hatch cover manuals, bilge/piping arrangements and trading certificates are at hand at time of the inspection will be greatly appreciated and help in limiting the surveyor's time on board.

## **ISPS & SURVEYOR'S ANNOUNCEMENTS**

Once the vessel is fixed and agent details are known, the surveyor will announce himself to the vessel's agents. The agents will then inform the ship of the inspection and provide the necessary details to ensure compliance with the ISPS Code. In case of doubt as to the reason or scope of the inspection, Masters should liaise with their company to avoid any confusion at time of boarding.

## **REFUSAL TO CARRY OUT AN INSPECTION**

Normally, the inspection will be included in the ruling Charter Party as a condition of affreightment. In order to allow mapping of the vessel's condition, it is important that the initial and annual surveys can be carried out as planned. In cases where surveyors are denied access to the ship, the vessel will be rated "red" until a new inspection can be carried out.

## **INSPECTION COST**

Initial and annual inspections are free of charge for the ship owner/manager, as is a follow up survey (when necessary) in the same year as the initial survey. Additional follow up inspections will, when necessary or required, be at owners' request and thus also on their expense. Requests for additional surveys can be made in the feedback process to [AMfeedback@imcs.be](mailto:AMfeedback@imcs.be).

## THE ARCELORMITTAL FEEDBACK SYSTEM

Once vessels have been inspected and vessel's staff and managers advised of the defects found, ArcelorMittal requires owners/managers to provide feedback as soon as possible in order to allow upgrading of the vessel's status.

Together with the e-mail informing the managers of the inspection results, a tailor-made feedback form will be attached. This form, which includes the defects found during the inspection as well as the type of information that is required to allow upgrading of the vessel's status, should be used by owners/managers/ship's staff as this will facilitate reverting with corrective actions in a clear, unambiguous, easy and proper manner.

It is important that the feedback is provided in a correct manner so that it reflects the repairs/maintenance carried out to rectify the defect in question. Only repairs and maintenance carried out in line with manufacturers guidelines and good industry practice will be considered as proper evidence in the evaluation and upgrading process. Temporary or make-shift repairs, when properly carried out, may work for the forthcoming voyage or as extra precaution, but will never lead to an upgrade of the vessel's status, as the cause of the problem has not been addressed in a proper and permanent manner.

Together with the corrective actions, it is also required to provide information on measures taken to prevent recurrence; this to ensure that defects identified during the survey will be checked and inspected regularly by the relieving crew and further on throughout the in-service life of the ship.

For full details on the feedback process as well as guidelines on how to provide feedback please refer to the IMCS website: <https://imcs-training.eu/hatch-cover-knowledge/>