STAFF CENTRE
SHIPMANAGEMENT LTD.

Staff Centre Shipmanagement Annual Performance Report 2018

Technical and Safety Management

STAFF CENTRE
SHIPMANAGEMENT LTD.

Staff Centre Shipmanagement Annual Performance Report 2018

3_rd Floor, Sigurd Hall BC
54/23 Francuzskiy blvd.
65009, Odessa, Ukraine

P +380 48 734 00 65
F +380 48 734 00 64

tech@staff-centre.com
www.staff-centre.com

STAFF CENTRE
SHIPMANAGEMENT LTD.

The Staff Centre Shipmanagement aims to be recognized as the global supplier of the quality services to the shipping industry with absolute regard for safety and marine environment

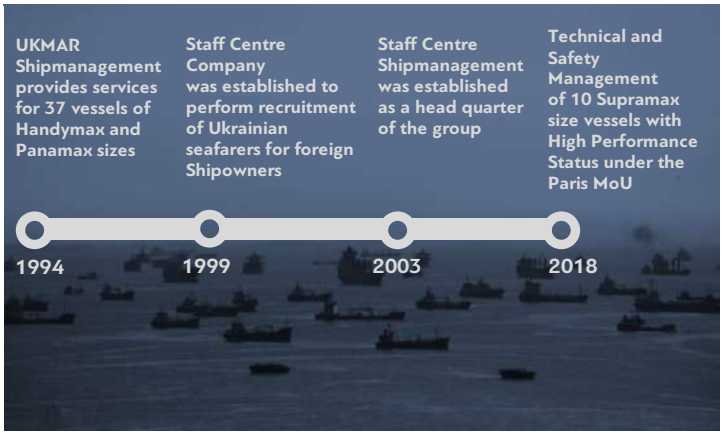
Corporate Introduction

Staff Centre Shipmanagement Ltd.

provides ships with technical, safety, security and operational shore-based management.

The Company offers the extensive spectrum of ship management and marine consultancy according to the highest international standards, designed to relieve the Shipowners of the routine workload related to operation of their vessels.

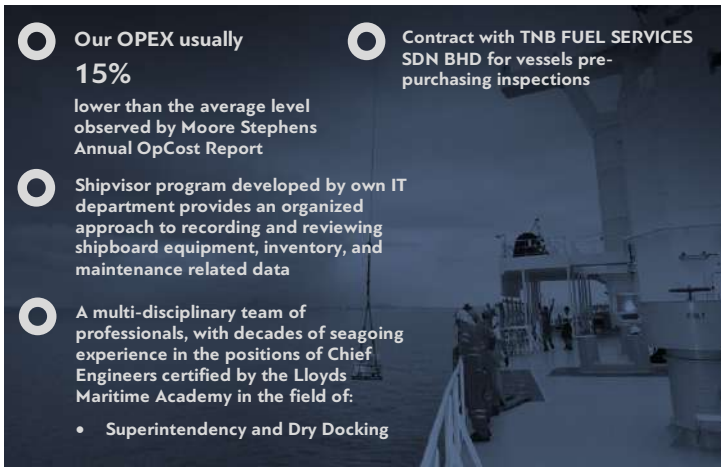
We are fully IACS ISM certified Company, which allows us to provide our services in full compliance with the highest international management standards.



Technical Management

undertakes a full technical maintenance of vessels in optimum operational efficiency and robust condition while ensuring full compliance with current and upcoming international and national rules and regulations as well as efficiently and effectively in accordance with Shipowners' and Charterers' requirements:

- Project management / Registration services;
- Dry Docking;
- Own Planned Maintenance System;
- Fleet condition monitoring;
- Fuel efficiency performance monitoring;
- Ship supply management;
- Vetting/Pre-purchasing inspections.



Safety Management

ensures that the fleet is well documented with all certificates, manuals and other documents, required for world-wide trade, and many other services, ensuring the compliance of each vessel with all regulatory requirements such as IMO, SOLAS, MARPOL, etc. - and all of that being as parts of the Company's overall Safety Management System:

- ISM and ISPS Codes;
- MLC 2006 Convention;
- Local/National/State regulations compliance;
- ISO 9001:2015;
- BIMCO KPI data analyze and monitoring;
- RightShip Risk performance monitoring.

Vessel Accounting Management

aims to provide Shipowners with timely and accurate reports of relevant financial statements 24/7/365:

- Daily updates;
- Functionality to review every invoice;
- Clarification of each item of expenses;
- Deviation tables overview;
- Transparent and accountable.

Corporate Introduction

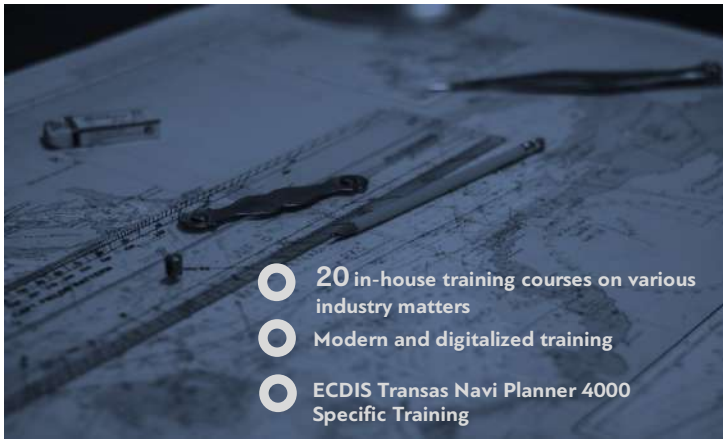
Crew Management

employment of competent crew is one of the most important factors in order to provide the safety of life at sea, the protection of maritime environment and avoidance of damage or loss of the ship and her cargo.
Our policy is to obtain the best possible standards of crew through selection, assessment and training in close cooperation with our Principals.

- Recruiting;
- Coordination of crewing needs for vessel;
- STCW Flag Endorsements;
- Protection and Indemnity services;
- Payroll services;
- Travel coordination.

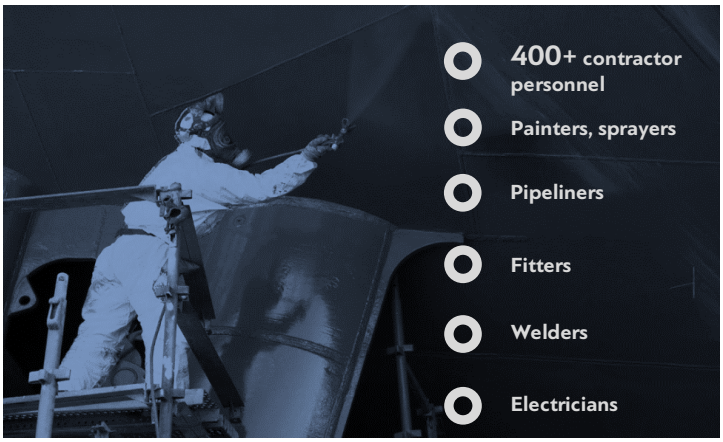
Training Centre

provides professional development for the Company employed seafarers. Various training programs, useful information about safety, technical, commercial, legislation, and human resources issues help our seafarers to achieve and maintain the highest quality of service in ship operations in compliance with the International Conventions STCW, SOLAS, MLC, ISM and ISPS codes, IMO resolutions and recommendations, National requirements and specific requirements of Shipowners.



Riding Squads

Chesva Enterprises provides our clients with riding squads for the ship repair and shipbuilding industry around the world. Companies related to our Group use these squads for the purpose of repairs during operation, dry-docking and other cases by embarking the repair squads on board the vessels during the voyages.
Compact traveling squads are designated to mobile and major ship repair and can carry out all types of works on all types of vessels for our respected customers with wide range of jobs on board the vessels or any offshore marine units.



Professional Workwear

True Gear has been making professional workwear for the maritime industry since 2016. With our own manufacturing and product development, True Gear guarantees function and quality down to the tiniest details. Each garment is specially designed to meet the needs of every specific profession in terms of function and design.

Top Management Team

Korneliu Russu
Managing Director

Graduated from Odessa State Maritime Academy with Master's Degree in navigation in 1984. Started his career in Black Sea Shipping Company as the navigational officer. In 1995 received diploma of Deep-Sea Captain and till 2007 was working as Master on vessels of Staff Centre Shipmanagement.

Joined Staff Centre Shipmanagement team in 2007 in position of DPA. From 2011 till now is working in position of Managing Director of Staff Centre Shipmanagement Ltd.

In May 2016 completed a professional development course and has been awarded with Diploma in Marine Accident Investigation issued by North West Kent College and Lloyd's Maritime Academy.

Andrey Litovenko
Technical Manager

Graduated from Odessa State Maritime Academy in 1993 with a degree - operation of ship power plants. Started his carrier in Black Sea Shipping Company in 4-th Engineer position. In 2002 received diploma of First-Class Engineer and till 2005 was working in position of Chief Engineer on board of Staff Centre Shipmanagement vessels.

Joined Staff Centre Shipmanagement team in 2005 in position of Technical Superintendent. In 2016 completed a professional development course at North Kent College of Lloyd's Maritime Academy and has been awarded a diploma in Ship Superintendency with distinction and commendation for outstanding achievement.

From December 2017 till now is working in the position of Technical Manager of Staff Centre Shipmanagement Ltd.

Top Management Team

Yuiry Krylov
Crewing Manager

Graduated from Odessa Higher Engineering Marine School in 1981 and started his career in Black Sea Shipping Company as the navigational officer.

In 1991 received Captain's diploma and had been working as Master on the BLASCO bulk carriers until 1998.

During 1998 – 1999 was working as Crewing Manager in UKMAR Ukraine and UKMAR Shipmanagement Ltd.

In 2000 resumed his sea career and was working as Master on the bulk carriers operated by Ocean Agencies Ltd.

In 2003 joined Staff Centre as Crewing Manager.

Adrian Slesarenko
Marine Safety & Quality Superintendent / Designated Person / Company Security Officer

Graduated from Odessa State Maritime Academy with Master's Degree in navigation in 1994. Started his career in Black Sea Shipping Company as the navigational officer.

In 2007 received diploma of Deep-Sea Captain and till 2018 was working as Master on vessels of Staff Centre Shipmanagement.

Joined Staff Centre Shipmanagement team in 2018 in position of Marine Safety & Quality Superintendent / Designated Person / Company Security Officer.

Top Management Team

Stanislav Sergeychik
Purchasing and Commercial Manager

Graduated from University of Westminster in London with degree in Economics for Business in 2004. Same year was employed by Staff Centre Shipmanagement as Purchasing Operator.

In the end of 2017 successfully completed KPIs courses of Lloyd's Maritime Academy and achieved Certificate in KPIs for Shipping.

Currently occupies position of Purchasing and Commercial Manager.

Tatyana Garnyk
Financial Manager

Graduated from Odessa Marine Engineering Institute. Since 1993 till 1995 was working as economist in Black Sea Shipping Company.

In 1995 continued her carrier as Financial Manager in Marnel, Ukmar.

Since 2000 till 2005 worked in Chesva Enterprises as Financial Manager.

Joined Staff Centre Shipmanagement in June 2005 as Financial Manager.

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3rd Floor, Sigurd Hall Business Centre,
54/23 Francuzskiy Boulevard
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Phone: +380 487 34 00 65

Fax: +380 487 34 00 64

E-Mail: tech@staff-centre.com

www.staff-centre.com

Fleet List

In the beginning of 2018, the Company Staff Centre Shipmanagement had 10 ocean-going bulk carriers in management. More than half of managed fleet vessels are new-buildings built in 2010-2012.

№	Vessel's name	Built	Type	DWT	Flag	Class
1	ANARITA	2012	Bulk Carrier	58018	Liberia	BV
2	ARCADIA	2012	Bulk Carrier	58018	Liberia	BV
3	ARVIKA	2012	Bulk Carrier	55848	Liberia	NKK
4	ALMERIA	2011	Bulk Carrier	57002	Liberia	BV
5	AVIONA	2011	Bulk Carrier	56898	Liberia	BV
6	ARIZONA	2010	Bulk Carrier	56969	Liberia	BV
7	ARNICA	2010	Bulk Carrier	56106	Liberia	NKK
8	ARALIA*	2003	Bulk Carrier	48104	Liberia	NKK
9	IRON KOVDOR	1998	Bulk Carrier	72474	Liberia	NKK
10	USOLIE	1990	Bulk Carrier	68789	Liberia	NKK

Note:
* - m/v ARALIA left our management in April 2018 in accordance with Shipowners' decision

Vessel:	ANARITA
Type:	Bulk Carrier
Built:	2012, China
IMO №:	9636008
DWT:	58018
GRT:	32839
Main Engine:	Man B&W 6S50MC-MK7
Flag:	Liberia
Class:	BV
In management:	Since 2012

Vessel:	ARCADIA
Type:	Bulk Carrier
Built:	2012, China
IMO №:	9635999
DWT:	58018
GRT:	32839
Main Engine:	Man B&W 6S50MC-C7
Flag:	Liberia
Class:	BV
In management:	Since 2012

Vessel:	ARVIKA
Type:	Bulk Carrier
Built:	2012, Japan
IMO №:	9624043
DWT:	55848
GRT:	31538
Main Engine:	DU Wartsila 6RT-Flex50
Flag:	Liberia
Class:	NKK
In management:	Since 2015

Vessel:	ALMERIA
Type:	Bulk Carrier
Built:	2011, China
IMO №:	9592721
DWT:	57002
GRT:	33044
Main Engine:	MAN B&W 6S50MC-C
Flag:	Liberia
Class:	BV
In management:	Since 2011

Vessel:	AVIONA
Type:	Bulk Carrier
Built:	2011, China
IMO №:	9592745
DWT:	56898
GRT:	33044
Main Engine:	MAN B&W 6S50MC-C
Flag:	Liberia
Class:	BV
In management:	Since 2011

Vessel:	ARIZONA
Type:	Bulk Carrier
Built:	2010, China
IMO №:	9592733
DWT:	56969
GRT:	33044
Main Engine:	MAN B&W 6S50MC-C
Flag:	Liberia
Class:	BV
In management:	Since 2010

Vessel:	ARNICA
Type:	Bulk Carrier
Built:	2010, Japan
IMO №:	9514418
DWT:	56106
GRT:	31759
Main Engine:	MAN-B&W /6L50MC-C
Flag:	Liberia
Class:	NKK
In management:	Since 2010

Vessel:	IRON KOVDOR
Type:	Bulk Carrier
Built:	1998, Japan
IMO №:	9168465
DWT:	72474
GRT:	37818
Main Engine:	MAN-B&W 6S60MC
Flag:	Liberia
Class:	NKK
In management:	Since 2011

Vessel:	USOLIE
Type:	Bulk Carrier
Built:	1990, Korea
IMO №:	8800315
DWT:	68789
GRT:	37519
Main Engine:	B&W 6S 60MC
Flag:	Liberia
Class:	NKK
In management:	Since 2011

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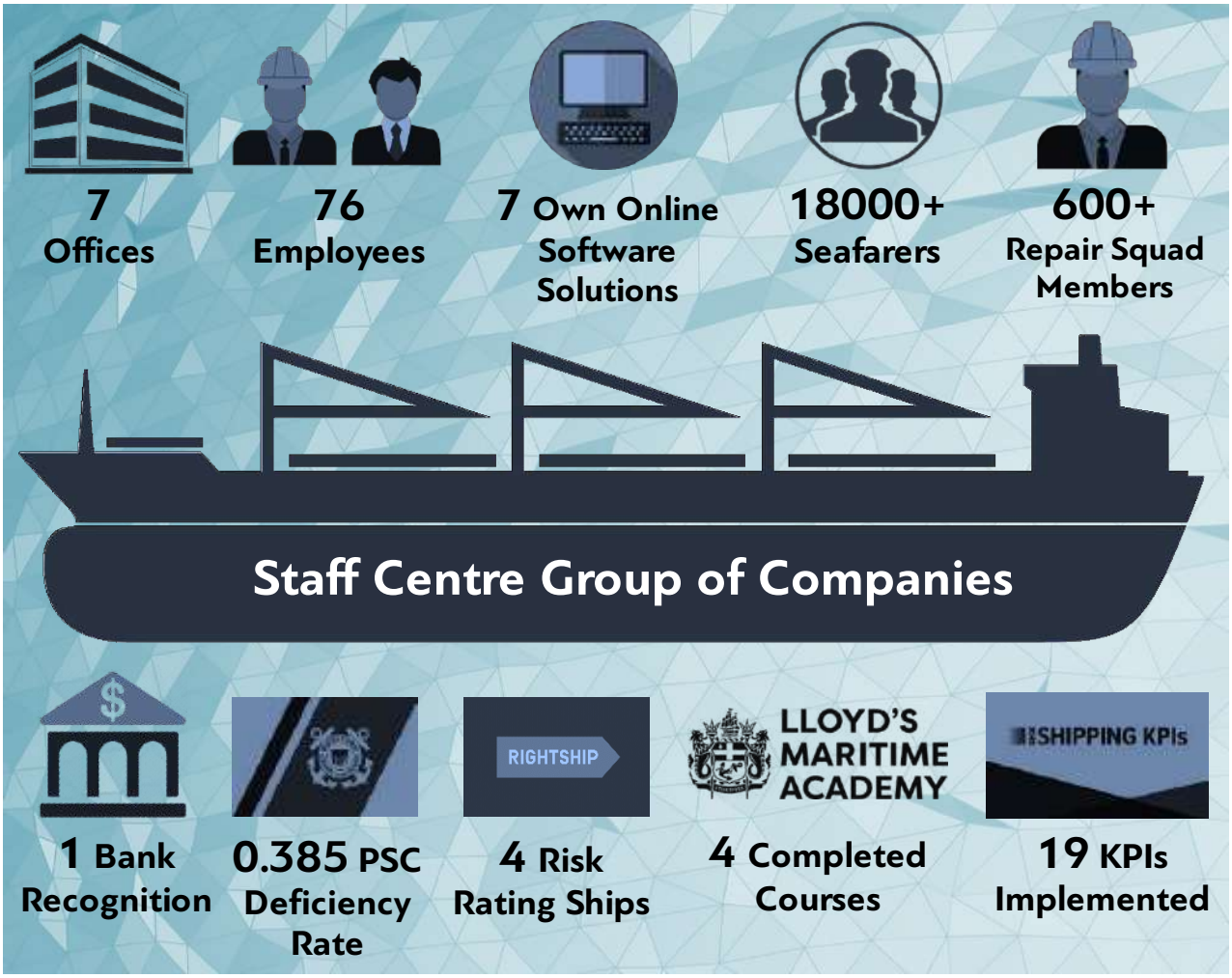
Company Highlights 2018

About Staff Centre Group of Companies

Staff Centre Group of Companies has the comprehensive knowledge and experience in satisfying the modern shipping needs of clients, who don't wish to burden themselves with overheads and additional staff while retaining a full control.

Rather than doing it all in-house, our clients can simply delegate the entire management services to us. Our office computer-based solutions may enable our perspective clients to engage as much vessels as possible into management providing a constant operational control at any time and place in the world.

Key Figures



Tendency to CSR Principles

Corporate Social Responsibility principles incorporate all voluntary actions by company towards the environment society and reflect her responsibility for associated impacts. The majority of industries, shipping as well, have realized its significance. In this connection the vast majority of companies develop sustainable business and build trust by communicating and supporting cooperation to motivate stakeholders to become more active in CSR.

Notwithstanding that the requirements of CSR are not obligatory, effective CSR implementation in shipping field could assist stakeholders to engage to the best practices.

Staff Centre Shipmanagmenet realizes her responsibility as part of the society and her contribution to the environmental sustainability adopting practices to move well forward and achieving actual progress in the industry as the whole.

Furthermore, CSR observance ensures positive impacts generally on crew welfare, the marine environment protection, respecting human rights as well as cultivating business ethic.

Our interrelation with Corporate Social Responsibility Principles

International Crew Forum Participation

The 6th International Forum on Seafarer's Education, Training and Crewing was held in Odessa, and it is the 6th time Staff Centre Group of Companies has taken part in the forum.

The International forum brings together more than 75 organizations and companies from 20 countries who are interested in high-quality training and employment of seamen, safe and efficient operation of seagoing vessels, and provides excellent opportunities for discussing the issues facing the marine industry.

Within the framework of the conference, the following main topics were discussed: global shipping today and tomorrow; human factor, fatigue and well-being of sailors; present and future challenges for seafarers' employment agencies; issues of education, training and certification of seafarers; the use of simulators, computer technology for training and assessment of competencies, the development of a professional career.

The program of the forum included an exhibition, a conference and round tables on maritime education, interaction of employers and seamen, simulators and etc.

Education, competence and training is vital for the sustainability of the maritime industry. Competent and well-trained crews are integral part of ship safety and security, as well as of the environmental and commercial sustainability of shipping in general. That's why our Company provides sufficient resources into creating best practice and innovative training programs.

As the response to the anticipated challenges, crew competence training, safety-related training, training for evolving digital technology and training related to environmental sustainability are high training priorities for the future years.

The International Forum on Seafarer's Education, Training and Crewing, May 2018

Consistent Webinars Engagement

Our Company is focused on staff training and leadership development at all levels of the organization resulting in enhanced engagement and productivity simultaneously ensuring a strong foundation for our successful planning.

Online webinars are the perspective and multipurpose way of shore staff training commonly used within the shipping industry.

A webinar is an online conference which combines some educational presentation and/or training on the Internet.

One of the main advantages that there is no need travel to get to a webinar or make any special arrangements or preparations in this regard.

Different classifications societies and leading industry companies offer great numbers of complementary webinars with a wide variety of topics in various areas such as health & safety, quality, environment, industry specific sectors and etc.

Participation in Webinars

№	Company	Webinar	Date
1.	Alfa Laval	What to consider when selecting a ballast water treatment system	June, 2018
2.	BV Ukraine	PSC Ready	June, 2018
3.	DNV GL	Alternative fuels in shipping	June, 2018
4.	DNV GL	Scrubbers – meeting the Global Sulphur Cap 2020 limits	September, 2018
5.	DNV GL	Cyber security threats in shipping – are you prepared?	October, 2018
6.	ABS	MEPC 73 Outcomes & Industry Impact	November, 2018
7.	DNV GL	Building a carbon-robust strategy for shipping	November, 2018

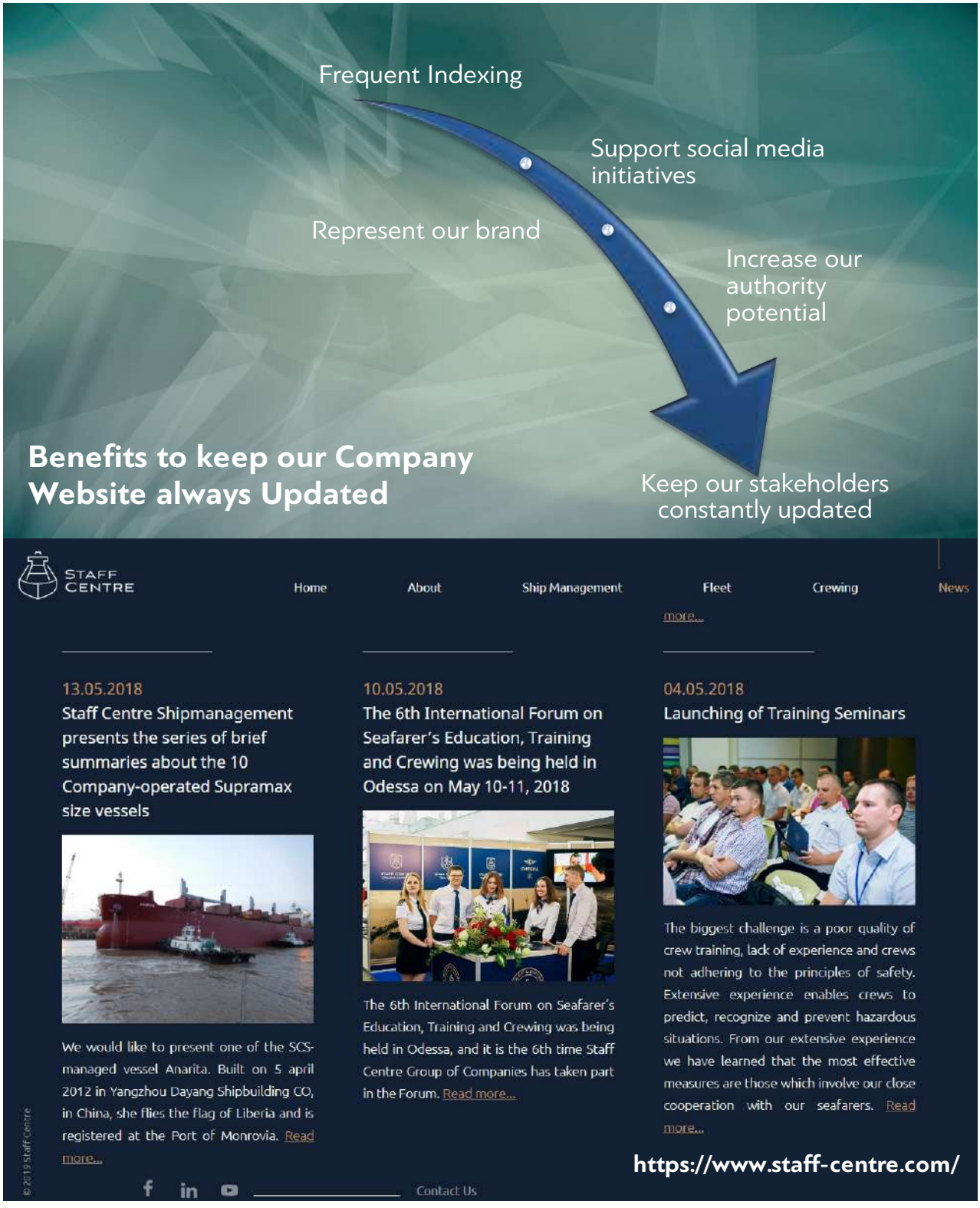
Main Advantages

- Convenience
- Accessibility
- Involvement
- Relevant Topics
- Experts Advice
- Knowledge Extension
- Trends Sharing

All departments of Staff Centre Shipmanagement actively participate in all essential webinars which cover nowadays trends and fields of uncertainty for Shipowners. On the basis of acquired knowledge the responsible departments compile specific assessment reports for future clarifications and submission to Principals for their consideration and reasonable decision making.

Importance of Fresh Content on the Company Website

There was a unique and at the same time instructive case when some of our stakeholders noted that our Company had not timely updated the renewed Document of Compliance. Such the extraordinary case reminded us that our website is a living, breathing entity on the internet. Regularly updating our website with fresh content will not only garner appreciation and loyalty from your stakeholders, but will increase brand awareness reputation.



VSAT Project Launching

Internet connectivity at sea may be helpful not only for seafarers' communication purposes but also to provide welfare services. Nowadays, connectivity is about more than just social media and Internet surfing. The possibility to connect is becoming the default condition.

A large number of industry studies clearly support the fact that connectivity is a key issue for seafarer welfare. Besides, the operational benefits from improving connectivity on fleet is from improving communications between vessels and ports, adopting remote monitoring and ensuring better voyage-related information. Therefore, Manager and Shipowners can gain operational value from investment in VSAT.

Staff Centre Shipmanagement has reasonably convinced one group of Shipowners to commence process of VSAT installation on managed vessels enhancing data transfer to facilitate ship-to-shore interaction via various own developed web applications, crew training and also to enable our crew to stay in touch with their families.

In addition, it is vital to take into account a crucial fact that according to the statistical information a growing number of seafarers select companies which provide better superior internet facilities. Consequently, providing reliable Internet connection to crewmembers allows to retain experienced and qualified seafarers.

Enhanced Fleet Tracking System

In the course of 2018 year Staff Centre Shipmanagement moved to a more secured and advanced platform which provides a near real-time picture of managed vessels' positions with regard to surrounding any kind of threats, risks and regulatory requirements.

Pole Star Global Ship Tracking System

Source: https://www.polestarglobal.com/

System Features

- Situational Awareness
- Improved Planning
- Interactive Maps
- Weather Forecast
- Cyber Secured
- Regulatory Compliance
- Industry Zones
- Risks Intelligence

Intensive Digital Transformation

The shipping industry is under pressure of radical transformation driven by development of new technologies. Digitalization and advanced data analytics became the top priorities for the shipping industry.

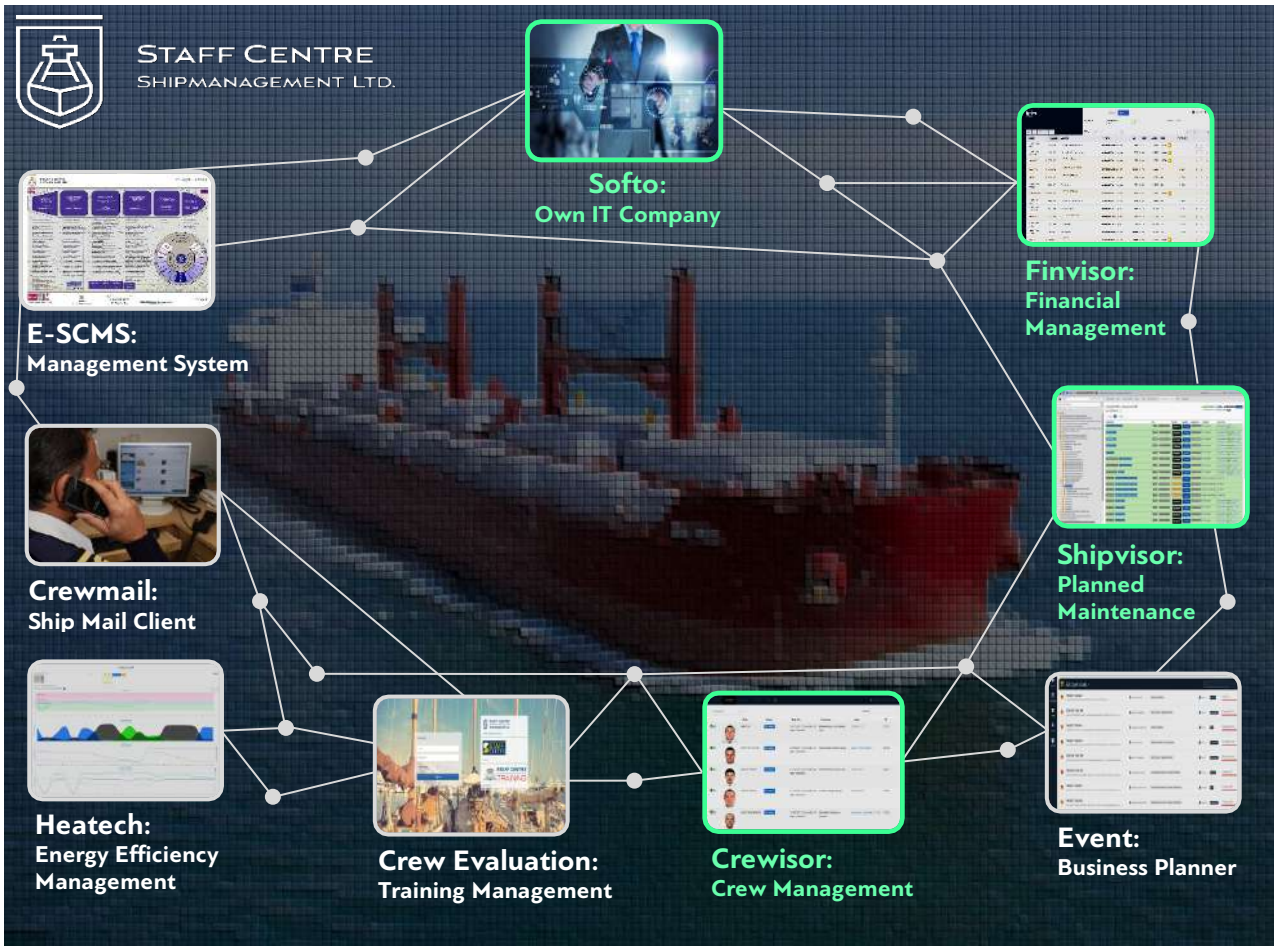
Considering these challenges, our Company is increasingly building the strategies around digitalization opportunities. We are encouraging operation, fleet management and departments to innovate and explore opportunities for driving cost efficiencies and new revenue streams through gradual digitalization. As the part of global maritime industry, we are working hard to digitalise parts of operation by developing new technologies to the existing business models.

In order to succeed in own digital transformation, Staff Centre Shipmanagement takes a strategic approach, redefines priorities and develops a clear plan of step-by-steps actions resulting in developing unique products by own IT Department facilitating fleet management in different ways.

At the same time the digital transformation is challenging the traditional business models employed in the shipping industry, and will introduce new forms of interaction between stakeholders. Being one step ahead to embrace the transition will gain a unique competitive advantage as our Company gains better control of our operations and keep costs down in an increasingly demanding industry.

Staff Centre Shipmanagement is always striving to create different products and services aiming to gain control of clients' touchpoints ensuring best management services.

Own Developed Marine Software Solutions



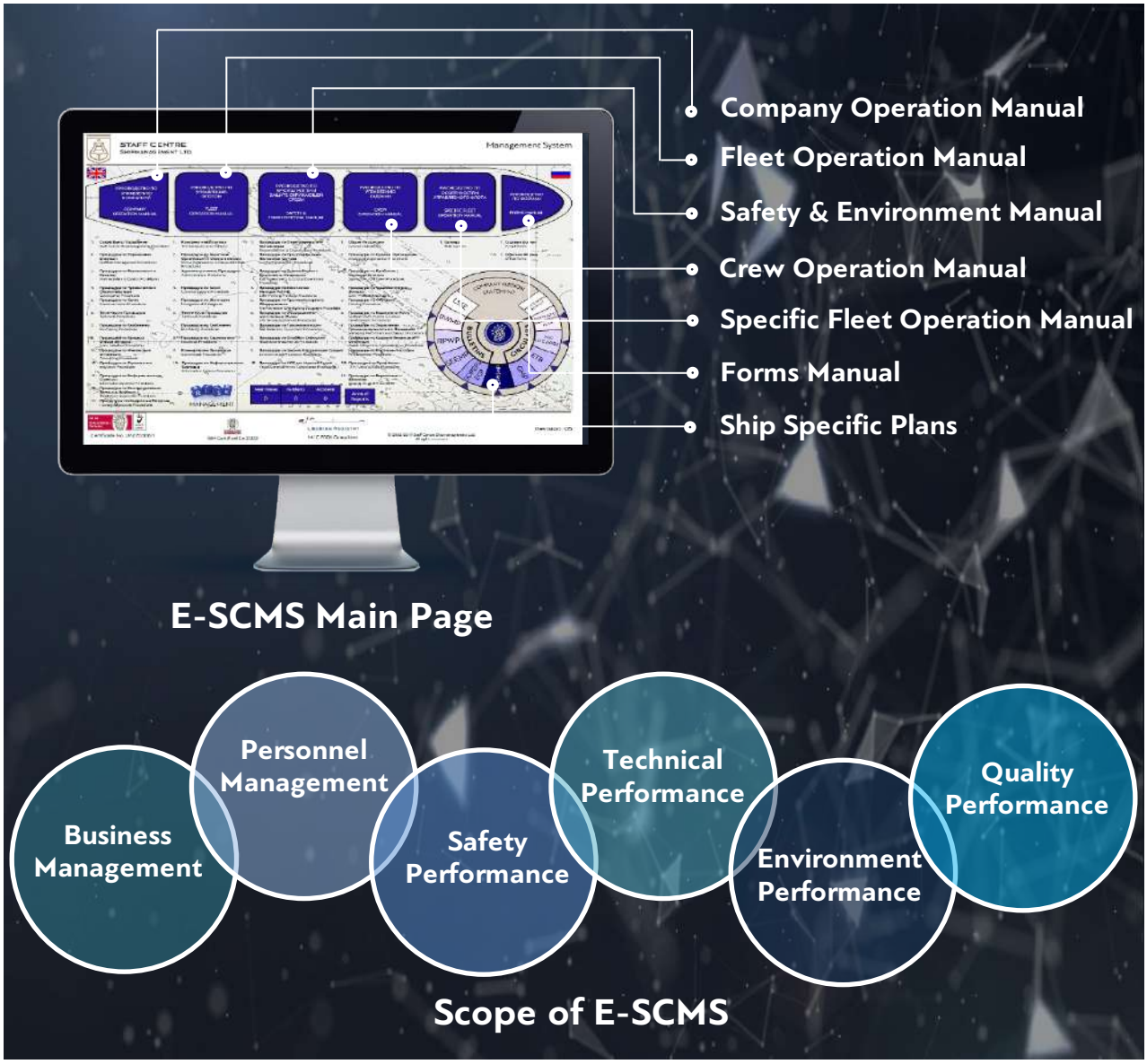
E-SCMS: Electronic Staff Centre Shipmanagement System

The E-SCMS incorporates business, personnel and technical management and the execution of all activities deemed as vital in obtaining safety, environmental and quality performance in service and customer satisfaction.

The system is written in compliance with ISM Code, ISPS Code, MLC Convention and ISO 9001:2015 Standard.

E-SCMS applies to all critical activities executed by the Company ashore and onboard. Activities performed on behalf of the Company by contractors and suppliers are monitored accordingly. The Company ensures that contractors and suppliers maintain a similar level of safety, environmental and quality performance.

The management review process has a beneficial effect on the continuous improvement, such as updating various plans, developing effective procedures, implementing new or revised measures, and adapting KPI monitoring and evaluation processes.



For additional information about E-SCMS please watch the video or download E-SCMS presentation in MS PowerPoint format from our official website: https://www.staff-centre.com/management#scms

Annual Performance Report 2018 Highlights

Staff Centre Shipmanagement provides a strong focus on health, safety, environment and competence and shall always be prioritized during operation.

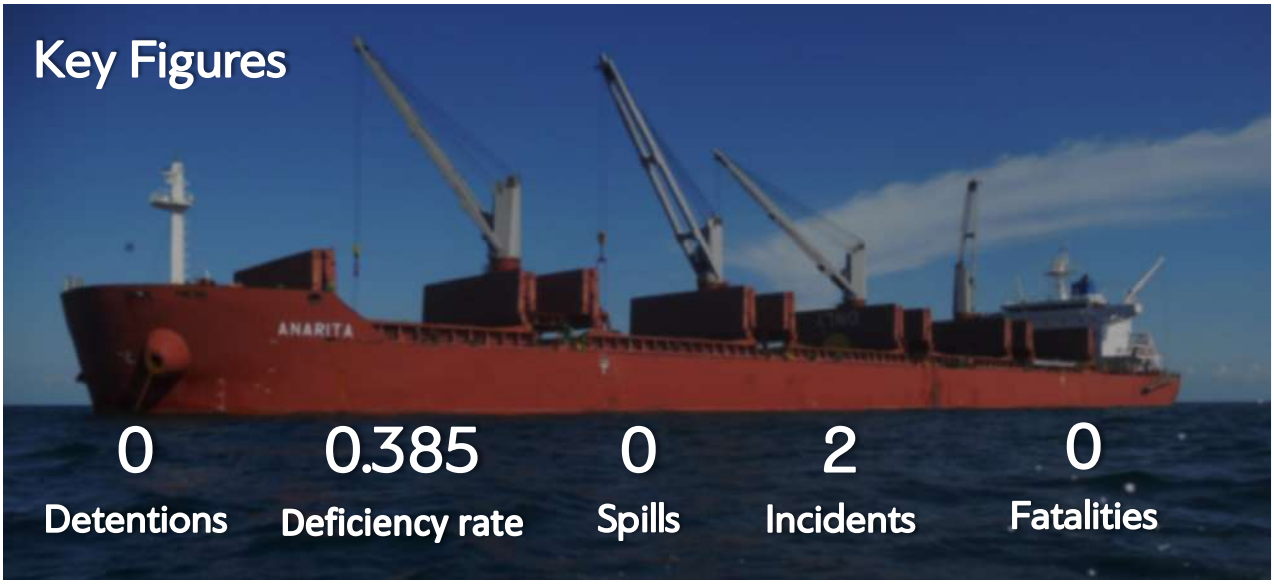
The main risk from our activities and services is the possibility of incident occurring during operations and possible impact on the safety of our seafarers, environment and any resulting economic consequences for Shipowners, local community and reputation of our Company. In this connection, Management of Company employs advanced risk management procedures and aims to implement a strong safety culture.

The chapters of Staff Centre Shipmanagement Annual Perforce Report 2018 cover relevant topics and describe our performance in aspects that have been determined as appropriate to us as the ship management company.

We have grouped the issues identified into three key subject areas which are addressed in this report:

This report covers activities in the calendar year 2018 and addresses areas we believe are of material importance to the Staff Centre Group and our stakeholders. We made every effort to ensure that all gathered and presented data contained in this report is as accurate and reliable as possible for further presentation to our stakeholders.

We are committed to deliver safe and sustainable solutions to the maritime industry meeting the highest expectations of our Shipowners. We continuously work to improve our environmental footprint, our efforts on compliance, to increase our employees' safety, and contribute to the communities in which we operate.



KPI Summary Status 2018

The table below presents the status of implemented BIMCO KPIs fulfillment by Staff Centre Shipmanagement. On the first stage average quarterly KPI values/ratings were calculated for each vessel. Afterwards, average KPI values/ratings were calculated for the whole fleet.

№	KPI	Description	Section	Target		Results	
				$KPI_{min\ req}$ 0%	KPI_{target} 100%	KPI value	KPI rating
1.	KPI028	Releases of substances	Environment	1	0	**0**	**100%**
2.	KPI001	Ballast water management violation	Environment	1	0	**0**	**100%**
3.	KPI007	Contained spills	Environment	1	0	**0**	**100%**
4.	KPI011	Environmental Deficiencies	Environment	3	0	**0,03**	**99,7%**
5.	KPI014	Port State Control Performance	Health and Safety	0.33	1	**0,8**	**72,4%**
6.	KPI015	Health and Safety Deficiencies	Health and Safety	4	0	**0,025**	**99,2%**
7.	KPI019	Navigational deficiencies	Navigational Safety Performance	3	0	**0,05**	**98,3%**
8.	KPI020	Navigational incidents	Navigational Safety Performance	1	0	**0,03**	**97,2%**
9.	KPI002	Budget Performance	Operational Performance	5	2	**3,9**	**37,8 %**
10.	KPI010	Dry-docking Planning Performance	Operational Performance	25	5	**34,4**	**-46,9%**
11.	KPI004	Cargo Related Incidents	Operational Performance	7	0	**2**	**71,42%**
12.	KPI024	Operational deficiencies	Operational Performance	4	0	**0,1**	**97,92%**
13.	KPI027	Port State Control Detention	Operational Performance	1	0	**0**	**100%**
14.	KPI032	Ship Availability	Operational Performance	97	100	**99,75**	**91,42%**
15.	KPI029	Security Deficiencies	Security Performance	2	0	**0**	**100%**
16.	KPI006	Condition of class	Technical Performance	1	0	**0,03**	**97,2%**
17.	KPI012	Failure of critical equipment and systems	Technical Performance	2	0	**0,225**	**87,8%**
18.	KPI013	Fire and explosions	Other	1	0	**0**	**100%**
19.	KPI026	Port State Control deficiency ratio	Other	5	0	**0,348**	**95,3%**

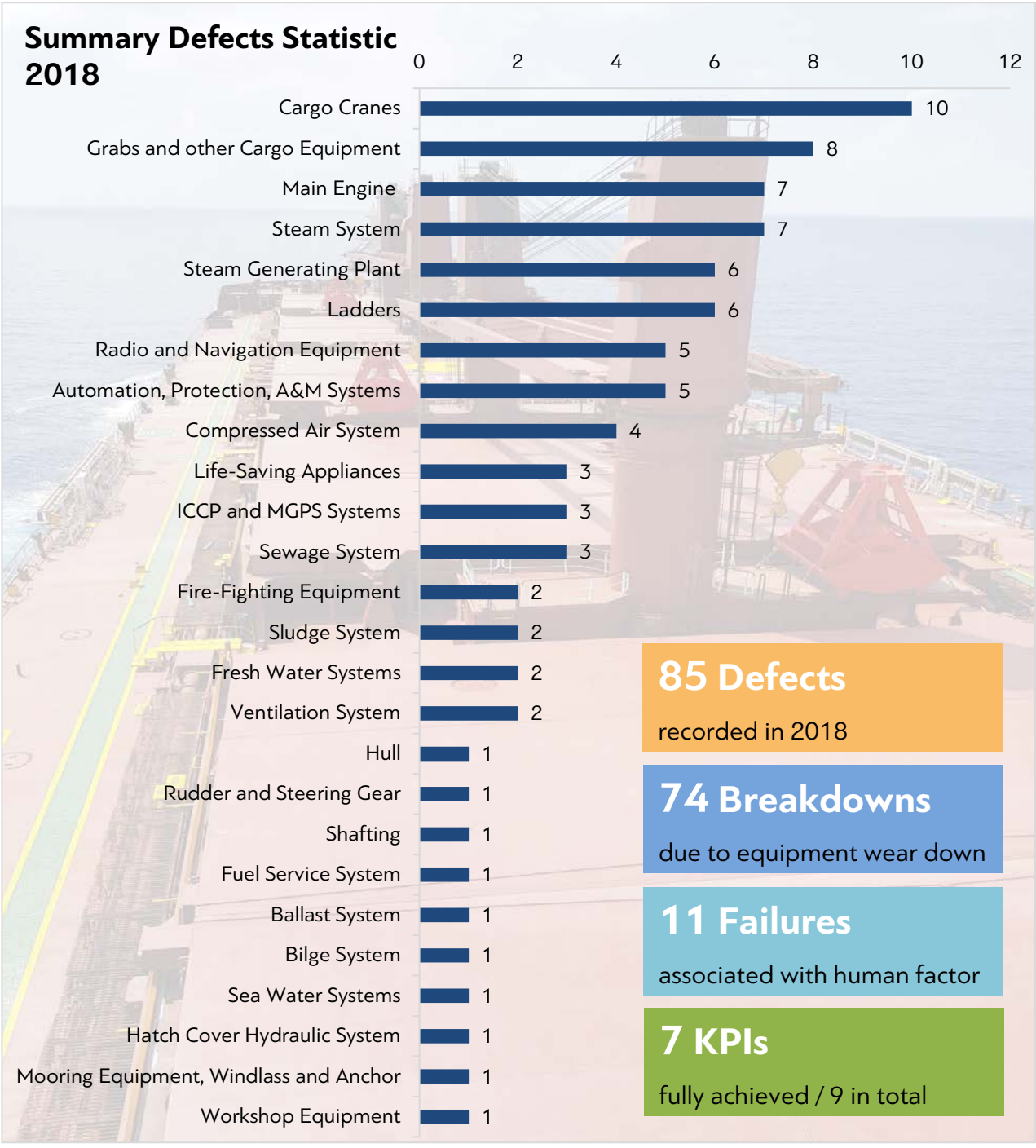
Notes:

NN – We reached our targets
NN – We almost reached our targets
NN – We did not reach our targets
KPI010 – calculation based on the Performance Indicators (PI) for m/v IRON KOVDOR

Technical Performance Overview 2018

Ensuring the technical availability of the fleet in management and balancing maintenance costs is a key competence of Staff Centre Shipmanagement which is achieved by a synergistic effect from combination of skills and practical experience of both sides – Chief Engineers onboard and responsible Technical Superintendents in the office supported with modern marine web software products.

In the course of 2018, there were no records of incidents on the SCM fleet resulting in severe hull damage, loss of propulsion or technical unseaworthiness. A new module Defect List was integrated into the Shipvisor program allowing the Technical Department to keep a more detailed history and status of recorded defects. At the same time the implementation of new module was the starting point for more comprehensive technical data analysis and associated corrective and prevention action plans development.



Progressive Shipvisor Enhancement

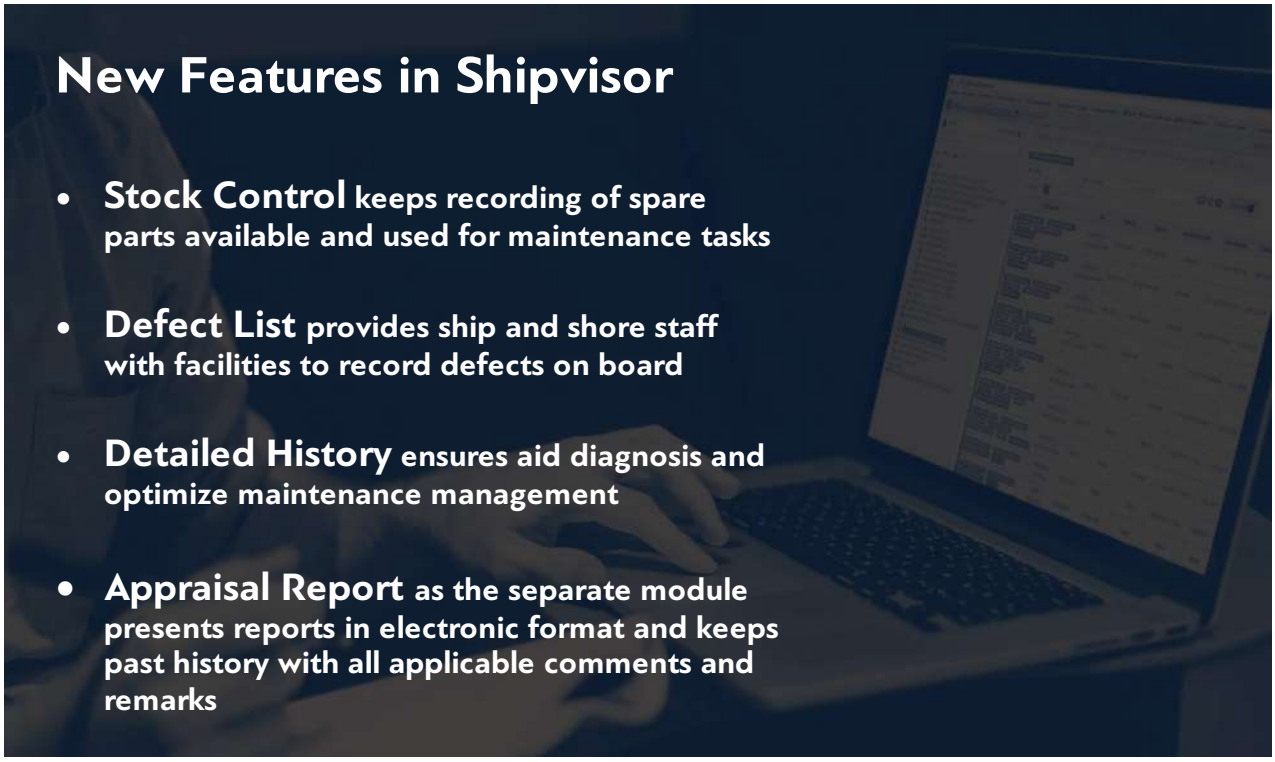
Shipvisor – is the technical management system for planned and unplanned maintenance, technical assessment and data management, as well as defect reporting which was implemented on all SCM vessels during 2017.

The newly developed software has modular architecture and can be introduced in 'simple to implement' modules, with optional added value functionality to meet the needs of individual vessel with its inherent equipment.

The PMS's interface provides a simple traffic light system to highlight any equipment that requires attention and indicates dates when tasks are due.

Shipvisor provides:

- a single platform for engineers onboard and Superintendents ashore;
- the centralized management of specific vessel equipment and maintenance jobs;
- a defined and scheduled based calendar for jobs;
- categorized jobs such as routine, safety, critical and class related;
- a record of running hours of each equipment;
- a possibility of attaching digital forms, manufactures instructions and etc.;
- an automatic exchange of information between ship and shore and vice versa.



For more details please visit the relevant page on our website:
https://www.staff-centre.com/management#shipvisor

Dealing with Upcoming Environmental Challenges

A great majority of new environment regulations described below pose enormous uncertainties for Shipowners and our extremely important task is to provide the most efficient and cost-effective solutions for general compliance as well as to minimize our environmental footprint.

Legal Requirements	Aim	SCM Actions
New Zealand Craft Risk Management Standard	The requirements were released as a Craft Risk Management Standard (CRMS) under New Zealand's Biosecurity Act (1993) and came in force in May 2018.	▪ The Biofouling Management Plans revision in strict conformity with IMO MEPC.207(62). ▪ MGPS and ICCP Systems due diligent control.
RightShip GHG Rating	The GHG Emissions Rating is an innovative measure developed and implemented on the voluntary basis by RightShip since 2014.	▪ Periodic update of ships profile in respect to the undertaken hull coating and cleaning operations as well as implementation of various innovative upgrades.
EU Monitoring, Reporting & Verification (MRV)	Collection of CO2 emissions data for ships over 5,000 GT calling at EU ports starting from 1 January 2018.	▪ Statutory requirement compliance via analytical software solution provided by ClassNK as well as MRV Plan development and implementation.
IMO Data Collection System (DCS)	Gathering of fuel consumption data for ships 5,000 GT or over commencing from 1 January 2019.	▪ Statutory requirement compliance via analytical software solution provided by ClassNK and approved by the Liberian Administration. ▪ The Ship Energy Efficiency Management Plans revision.
IMO Ballast Water Management Convention	Standards for management of ballast water and sediments to prevent the spread of harmful marine species coming in force since 8 September 2017.	▪ The Technical Department has analyzed and evaluated 12 Ballast Water Treatment Systems approved by the USCG for further submission to Shipowners' considerations.
IMO 2020 Global Sulphur Limit	The sulphur content reduction in marine fuel starting from 1 January 2020.	▪ Justification of Exhaust Gas Cleaning Systems (EGCS) installation on the managed fleet. ▪ Advanced preparation of Ship Specific Management Plan in accordance with provisional ICSS guidance. ▪ Subscription to the VPS BunkerMaster Software and VPS Bunker Alerts analysis. ▪ Possible consideration of shore power supply.

12 BWTS
evaluated during 2018

53 VPS Bunker Alerts
analyzed in 2018

KPI Description of measures taken to improve environmental compliance and KPI011

Wärtsilä EnergoProFin Improves the Fuel Efficiency

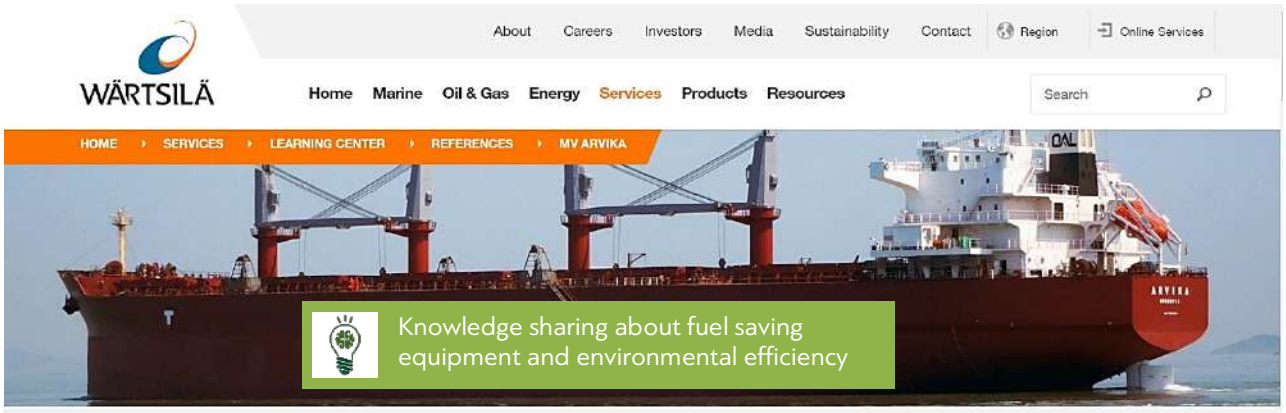
The Wärtsilä EnergoProFin is an energy saving device in form of a propeller cap with hydrofoil section fins, on the post-swirl side of the propeller. It can be easily mounted on fixed pitch propellers (FPP) and controllable pitch propellers (CPP) and it rotates with the propeller.

The EnergoProFin is designed to minimize the losses in the rotating flow leaving the propeller, by transforming rotational energy into effective thrust, resulting in an efficiency increase that brings up to 5% fuel savings. Depending on the hull and propeller interactions, the payback time for the investment is less than a year.

Key Benefits:

- Brings fuel savings up to 5 %;
- Reduces propeller hub vortex;
- Reduces emission levels;
- Reduces vibrations & pressure pulses;
- Reduces cavitation;
- Easy to install, underwater installation also possible;
- Return on investments less than one year even at low fuel prices.

Taken into account economical aspects, Shipowners became interested in EPF installation on board of the m/v ARVIKA and subsequently the EPF fitting was performed during her dry-docking period on 3 July 2017. The Analytical Department of Staff Centre Shipmanagement has made a detailed analysis and comparison between two separate voyages. The calculation demonstrates that the EnergoProFin gives a most economical effect when the vessel is sailing with "Full" sea speed. The gain of speed makes 0.50-0.97 knots; fuel oil consumption of main engine decreases on 0.80-0.97 mt per day depending on draft of the vessel and weather condition allowing to save USD 58,000 per year. The Wärtsilä representatives positively rated our comprehensive report and requested our Company's permission to use analyzed results for their further marketing purpose about successful product achievements.



Wärtsilä EnergoProFin improves the fuel efficiency of bulk carrier MV Arvika

PRINT

The ocean-going bulk carrier MV Arvika installed the Wärtsilä EnergoProFin on its fixed pitch propeller (FPP). Staff Centre Shipmanagement Ltd., who manages the vessel, was able to establish fuel savings exceeding 2.5%. "Thanks to the improved efficiency, the payback time is less than a year," says Vladimir Eliseev, Technical Superintendent at Staff Centre Shipmanagement, LTD.

In the highly competitive shipping industry, every drop of fuel matters. Thanks to the good economic benefits stated by Wärtsilä and a favourable price, the owners of the 190-metre-long and 32-metre-wide vessel decided to install the Wärtsilä EnergoProFin. "The installation was made during a scheduled dry-docking at Chang Hong Zhoushan International Shipyard in China," says Mr Eliseev.

He adds that before the dry-docking they discussed and agreed with the shipyard that Wärtsilä's service engineer would be engaged for the supervision of the installation made by the shipyard workers. "I must say that the Wärtsilä engineer did an excellent job. No complaints!" says Mr Eliseev.

The Wärtsilä EnergoProFin was exclusively designed for MV Arvika's FPP to reduce the hub vortex strength, decrease the total torque and hub resistance as well as to reduce fuel consumption. "It was possible to install it on the propeller by mounting through the original hubcap bolt holes."

> *"Thanks to the improved efficiency, the annual fuel saving is 58,000 US dollars and the payback time is less than a year.*

Source: https://www.wartsila.com/services/learning-center/references/mv-arvika

Cargo Grabs and Wires Replacement Program

Cargo cranes' grabs and wires are playing crucial integral role in the daily operational and functional role of almost every commercial vessel.

In case of any failure this can lead to significant repair costs and prolonged delays leading to off-hire claims, commercial disputes, and further expense being experienced by the vessel and Shipowners.

One group of vessels was equipped with mechanic touch down grabs during vessels construction. The problems with grabs commenced immediately after their delivery due to inherent defect with mechanism, poor quality of main parts, improper grabs operations. The apogee of breakdowns occurred precisely in the beginning of 2018 year when the service life of grabs expired. The Technical and Analytical Departments of Staff Centre Shipmanagement arranged consultations and meetings with different grab manufacturers and subsequently provided the Shipowners with detailed assessment report recommending the replacement of obsolete grabs with radio-controlled type ones.

As the additional measures after discussion with cargo wires manufacturers IHI and MacGregor the Company implemented advanced procedure for cargo wire ropes replacement.

Advantages of Newly Installed Radio-controlled Type Grabs

Increased
loading speed

Decreased
operating time of cranes

Reduced
overall wear down

Replacement Criteria for Cargo Wire Ropes

Life Cycle
maintenance for luffing wire ropes

Condition Based
maintenance for hoisting wire ropes

KPI Description of steps taken to improve KPI004 and KPI032

Prudent Approach for Cargo Holds Treatment

Preparation of cargo holds is not the only matter of sweeping, cleaning and washing down. The underlying factors depend on the correct initial cargo holds treatment procedure during routine dry-docking periods (sandblasting, surface preparation, painting and etc.). There are a number of factors to consider and negligent adherence to good practice could result in substantial claims.

The insufficient knowledge, originating sometimes in chartering department, puts additional risks for good long-term condition maintenance. In virtue of years of experience as well as following new trends the Technical Department of Staff Centre Shipmanagement improved approach for cargo hold treatment basing on the standard principles inspired with new reasonable methodology.

A new approach relies on the idea that there is no paint on the market which is capable to withstand any type of physical damage caused in cargo holds by bulldozers, grabs and etc. Moreover, it is common situation when the applied cargo hold paint is damaged by the active cargo properties itself as some cargoes speed up the corrosion of the cargo holds. Therefore, it's vital to select the right first cargoes just after holds coating refurbishment as the risk of active cargo damage is the highest in this period.

Another one assessment report was submitted to the Shipowners aimed to assist the chartering department to understand the requirements for cargo hold treatment, preparation and sufficiently prolonged condition maintenance. Such extended knowledge and awareness will assist in avoiding unnecessary additional cargo surveys, ships delay as well commercial disputes prevention.

Extended Service Liferafts and Fire Fighters VHF Supply

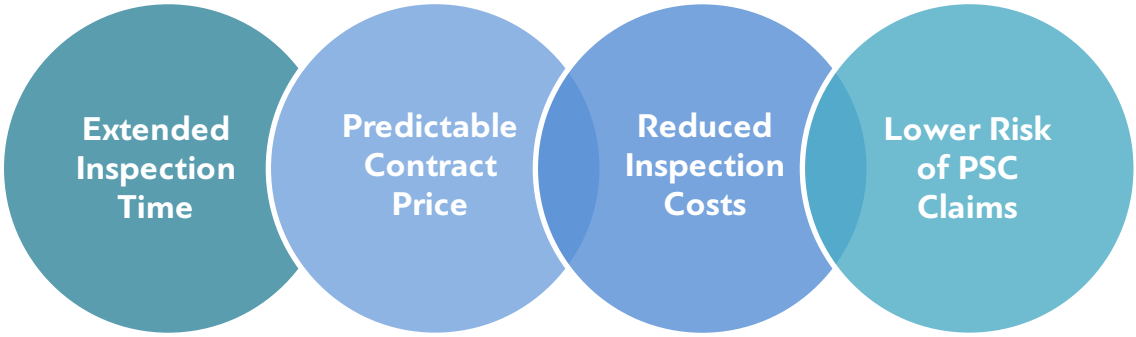
SOLAS regulation Chapter III/20.8.3 permits Administrations that approve new and novel inflatable liferaft arrangements to allow for extended service intervals. Such extended service intervals may be permitted if the new and novel liferaft arrangements have proved to maintain the same standard as required by testing procedures during extended service intervals.

As per the IMO MSC.1/Circ.1328, Extended Service Liferafts require an annual, on-board inspection, whereby the inspections shall be performed by the crew of the vessel. In order to carry out the inspection of a liferaft, the crew member have been provided with special testing kit and materials for training by the manufacturer with further issuing Official Training Certificate under the manufacturer supervision.

0 Deficiencies

appertaining to liferafts related matters

In order to improve operational efficiency and optimize budget cost the Technical Department of Staff Centre Shipmanagement commenced supplying of extended service (not exceeding 30 months) liferafts on the SCM fleet with following advantages:



On November 30, 2012 the Maritime Safety Committee adopted Resolution MSC.338(91) among which, Chapter II-2 "Construction – Fire Protection, Fire Detection and Fire Extinction" is of specific interest to firefighting process and technology. The wording in the SOLAS Chapter II-2, Regulation 10.10.4 is: For ships constructed on or after 1 July 2014, a minimum of two two-way portable radiotelephone apparatus for each fire party for fire-fighter´s communication shall be carried on board. Those two two-way radiotelephone apparatuses shall be of an explosion-proof type or intrinsically safe. Ships constructed before 1 July 2014 shall comply with the requirements of this paragraph not later than the first survey after 1 July 2018. Subsequently, all SCM vessels were supplied with the required UHF Fire Fighter Radios fulfilling the above-mentioned statutory requirements.

Ideas sharing about budget cost optimization and statutory compliance

Technical Management Targets 2019

№	KPI	Title	Section	$KPI_{min\ req}$ 0%	KPI_{target} 100%	Actions
1.	KPI028	Releases of Substances	Environment	1	0	1. Ensure compliance with MARPOL and local rules requirements; 2. Adhering to Shipvisor maintenance intervals; 3. Crew awareness and involvement; 4. Regular training sessions and drills;
2.	KPI001	Ballast water management violation	Environment	1	0	1. Ensure compliance with MARPOL and local rules requirements; 2. Information update in respect of any changes/trends/risk alerts; 3. Crew awareness and involvement; 4. Regular training sessions and drills;
3.	KPI007	Contained Spills	Environment	1	0	1. Ensure compliance with MARPOL and local rules requirements; 2. Information update in respect of any changes/trends/risk alerts; 3. Crew awareness and involvement; 4. Regular training sessions and drills;
4.	KPI011	Environmental Deficiencies	Environment	3	0	1. Ensure compliance with MARPOL and local rules requirements; 2. Adhering to Shipvisor maintenance intervals; 3. Crew awareness and involvement; 4. Regular training sessions and drills; 5. Subscription to the VPS BunkerMaster Software and VPS Bunker Alerts analysis;
5.	KPI002	Budget Performance	Operational Performance	5	2	1. Enhanced and precise budget planning from both departments; 2. Adherence to the Moore Stephens indicators while budget preparation;

№	KPI	Title	Section	$KPI_{min\ req}$ 0%	KPI_{target} 100%	Actions
6.	KPI004	Cargo Related Incidents	Operational Performance	6	0	1. Adhering to Shipvisor maintenance intervals; 2. Adherence to enhanced and precise cargo intake planning; 3. Adherence to the COSWP requirements; 4. Luffing and hoisting wires replacement in accordance with Manufacturers' instructions; 5. Certain types of grabs replacement program; 6. New approach in cargo hold maintenance and treatment;
7.	KPI010	Dry-docking Planning Performance	Operational Performance	35	10	1. Enhanced and precise budget/period of repair planning; 2. Adherence to the Moore Stephens indicators while dry-docking planning;
8.	KPI032	Ship Availability	Operational Performance	97	100	1. Enhanced and precise planning of ship operation;
9.	KPI006	Condition of class	Technical Performance	1	0	1. Maintenance of vessel in accordance with applicable requirements of RO; 2. Adhering to Shipvisor maintenance intervals; 3. Implementation of industry best practices;
10.	KPI012	Failure of critical equipment and systems	Technical Performance	2	0	1. Maintenance of vessel in accordance with all applicable rules and requirements; 2. Adhering to Shipvisor maintenance intervals; 3. Implementation of industry best practices; 4. Unscheduled inspections of critical equipment; 5. Engagement of shore-based manufacturer approved service engineers if required.

Notes:

KPI_{Target} is the KPI_{Value} which give KPI_{Rating}=100

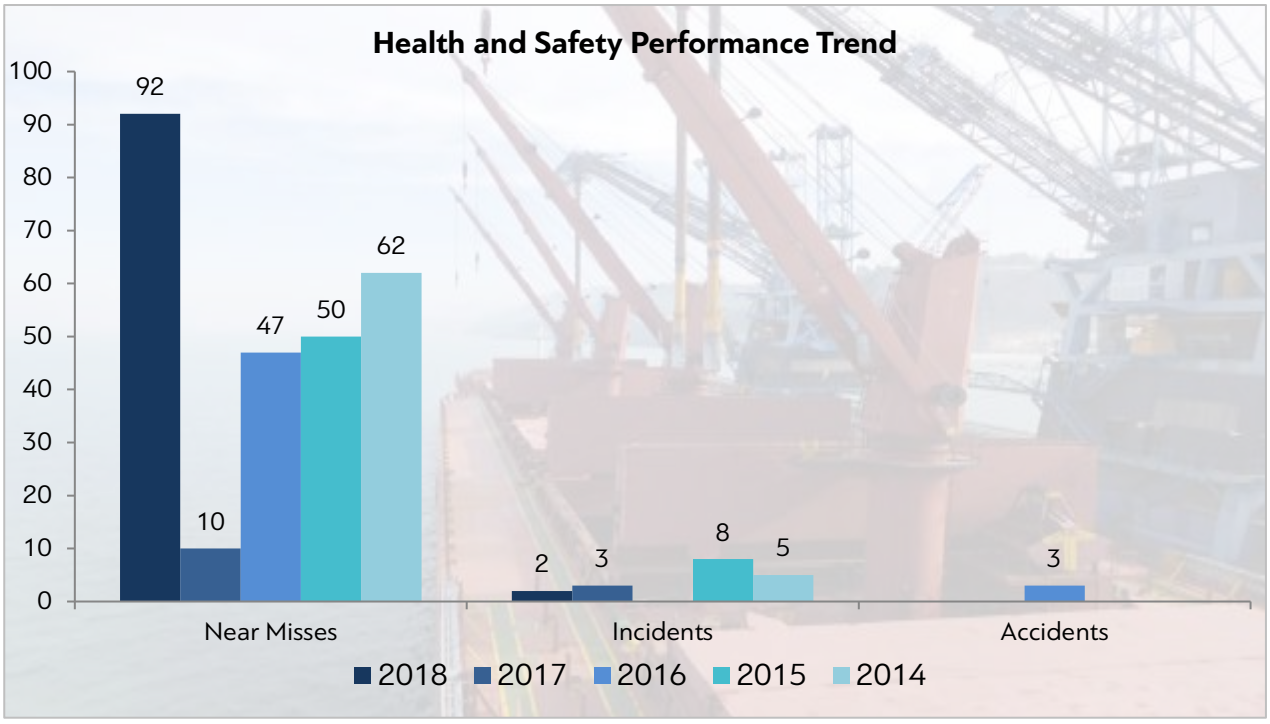
$KPI_{Min\ Req}$ is the KPI_{Value} which give KPI_{Rating}=0

Health and Safety Performance Preview 2018

A well-structured Health, Safety, Security, Quality system contributes to improving safety not only within a Company or an organization but also within the marine environment that the Company works in. There are several advantages that Company can benefit from an integrated HSSQ management system. First of all, there is a combined HSSQ policy; everyone is working towards the same direction. Environmental issues are dealt along with health and safety issues in terms of risk management or hazard identification and there is no an overlap. Most importantly, the interactive evaluation of all these components results in the simultaneous improvement of a Company's quality standards. The HSSQ policy should be in accordance with the Company policy with targets for improving quality standards and commitment for future improvement related to HSSQ aspects. A Company therefore collects data for measuring its performance by using the following sources: health, safety & security incident management; PSC performance, root cause investigations, annual management review.

Fleet Overview 2018

Vessel	Near-Misses	Incidents	Accidents
ALMERIA	12	1	0
ANARITA	5	0	0
ARCADIA	0	0	0
ARALIA	22	0	0
ARIZONA	15	0	0
ARNICA	13	0	0
ARVIKA	2	1	0
AVIONA	2	0	0
IRON KOVDOR	4	0	0
USOLIE	17	0	0
TOTAL	**92**	**2**	**0**



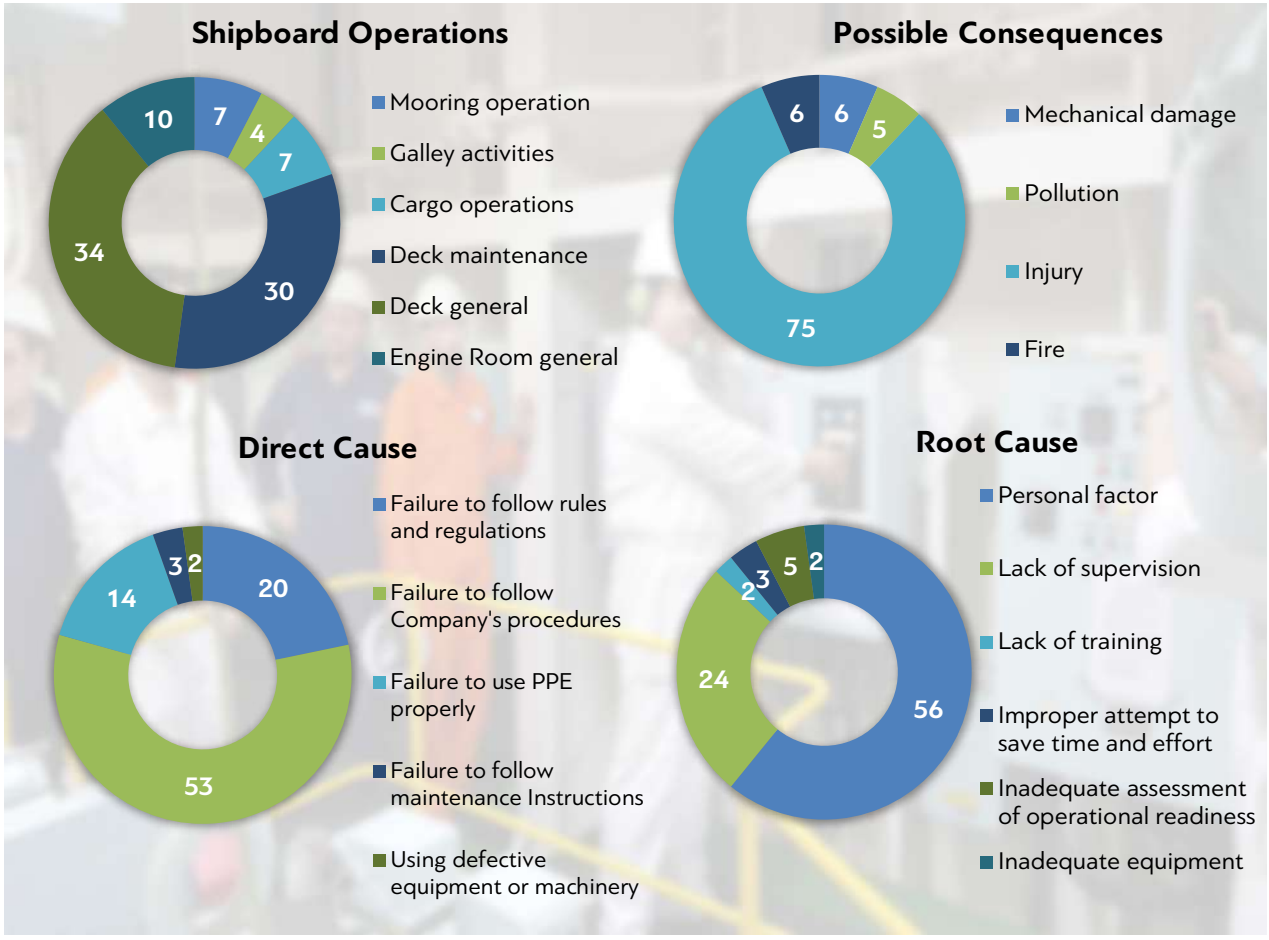
Near-Miss Reporting Analysis 2018

The ISM Code requires that hazardous situations are to be reported to the company, investigated and analyzed in order to prevent future happenings. Near-miss reporting gains importance in this respect, because, near-misses are believed to represent experiences and mistakes that should be shared to learn from in order to prevent major accidents. This is a culture in which there is considerable informed endeavor to reduce risks to the individual, ships and the marine environment to a level that is as low as is reasonably practicable (MSC-MEPC.7/Circ.7).

We sincerely encourage near-miss reporting which in 2018 accounted for 92 reports from the vessels in accordance with the ISM Code and E-SCMS SEM Chapter 8.4 requirements with subsequent analysis and implementing appropriate recommendations for eliminating or reducing the potential for the reoccurrence of similar near-misses or more serious losses.

Statistic of Near-Miss Reporting

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Total
2018	1	9	8	9	10	7	6	9	10	8	10	5	**92**
2017	1	0	2	1	1	1	1	1	0	0	0	2	**10**
2016	4	4	4	6	4	3	4	4	4	4	3	3	**47**
2015	3	8	7	6	2	2	4	6	3	4	3	2	**50**
2014	12	20	12	6	6	3	3	0	0	0	0	0	**62**



Company Response on the Near-Miss Reporting Trend

Staff Centre Shipmanagement always strives to improve the safety culture with commitments from senior managers ashore inspiring this mindset across the SCM fleet.

As a part of MSC-MEPC.7/Circ.7 procedure the Company has performed a deep analysis of root causes and identified a common and main personal factor (when the assigned crew was not wearing appropriate PPE), however these facts shall be under the strict supervision of safety representatives on board. This is also substantiated with relevant wording form E-SCMS SEM Chapter 4.2: "the work must not be carried out or permitted unless the necessary PPE is available for use."

The Company response program 2018 was launched in order to address all the identified causal factors and to improve organizational and shipboard policies, practices and procedures. In addition, analysis of industry incidents and near-misses ensures valuable advice to assist our seafarers to avoid similar occurrence in the future. Therefore, the Safety Department is getting great benefits from utilizing the statistical information and various reports shared through:

CHIRP for Maritime

Confidential Hazardous Incident Reporting Progamme

KPI Description of actions taken to improve KPI015 as well as overall safety enhancement

Accidents Overview 2018

At sea, just as ashore, most accidents are preventable. However, the environment and working conditions aboard seagoing vessels pose additional hazards not found ashore. The responsibilities to avoid accidents flow from the top down; from the shore establishment to the Master, to each and every individual aboard. "Safety awareness" by all hands is the biggest single factor in reducing accidents.

In the Staff Centre Shipmanagement, all involved staff aim for a corporate culture making health, safety and security an integral part of seafarer's mindset, supported by the Company policy to a have a workplace free from accidents. All our employed seafarers work under challenging conditions and the Management of our Company with its high professional staff do their utmost to control risks to seafarers' health and safety from work activities.

Statistic of Accidents

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Total
2018	0	0	0	0	0	0	0	0	0	0	0	0	**0**
2017	0	0	0	0	0	0	0	0	0	0	0	0	**0**
2016	0	1	0	0	0	0	0	2	0	0	0	0	**3**
2015	0	0	0	0	0	0	0	0	0	0	0	0	**0**
2014	0	0	0	0	0	0	0	0	0	0	0	0	**0**

Health Performance Review 2018

Staff Centre Shipmanagement continuously works towards the overall goal of zero injuries and maintaining health and safety standards on a high level. With aim to achieve this goal, our Company maintains high standards of health and safety to prevent hazards and incidents for all our seafarers.

Review of Shipboard Staff Illness Cases

Vessel	Nature of sickness	Treatment	Status of employee
IRON KOVDOR	Rank - OS: Lymphangitis and skin abscess	Medical treatment ashore and medicines	Fit for duty
ARNICA	Rank - 2nd Engineer: Tooth pain, Inflammation of the gum	Medical treatment ashore and medicines	Fit for duty
ARALIA	Rank - Messman: A seal dropping out of tooth	Medical treatment	Fit for duty
AVIONA	Rank - AB: Colitis	Medical treatment ashore and medicines	Fit for duty
AVIONA	Rank - 2nd Officer: Acute pain and hypertrophy of lymph node	Medical treatment ashore and medicines	Unfit for duty for 3 days
AVIONA	Rank - Bosun: Acute lumbalgia	Medical treatment ashore	Unfit for duty and repatriation
ARVIKA	Rank - AB: Bilateral Pneumonia	Medical treatment ashore and medicines	Unfit for duty and repatriation
ANARITA	Rank - Welder: Foreign body in eye of non-work related causes	Medical treatment ashore and medicines	Fit for duty

To meet the increasing demands of mandatory safety training, Staff Centre Training set up the series of maritime medical training sessions. The seminars feature presentations on several key first medical aid topics in the industry and cover topics, such as the top health concerns at sea, mental well-being of seafarers, diet and nutrition on board, including case studies in both physical and mental health. The focus is on innovative long-term improvement on seafarers' physical and mental well-being.

Staff Centre Training is committed to the continuous reviewing of the health challenges faced by seafarers and encouraging the collaborative efforts to improve the health and well-being of seafarers. These seminars aim to achieve the following:

- explain the organization of first medical aid on ships;
- highlight health issues resulting from accidents on board;
- prepare proper response measures to an emergency on board;
- familiarize with medical equipment on board, and understand its use in medical emergencies;
- know the different methods of diagnostics, prevention and treatment of medical diseases on board.

The seminars are conducted by well-qualified instructors with long-standing experience in the relevant areas of expertise.

KPI Description of occupational health and safety measures adopted

Incidents Overlook 2018

Staff Centre Shipmanagement is committed to safe fleet operations and preventing incidents. The Company works in unison to ensure safety by prudent enhancing all aspects of operations, including technologies, systems, frameworks, education and training programs. We also comply with various international regulations designed to promote navigational and operational safety and strive to properly meet needed requirements.

Despite all efforts undertaken by the Company in the form of trained crew, established procedures and risk based as well as proactive approach we sustained 2 incidents in 2018 (navigational and security), nevertheless the Company continues to work towards preventing incidents and operating our vessels safely.

Incidents Statistic

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Total
2018	0	0	0	0	0	0	1	0	0	0	1	0	**2**
2017	0	0	0	0	1	0	0	0	1	0	1	0	**3**
2016	0	0	0	0	0	0	0	0	0	0	0	0	**0**
2015	0	0	2	0	2	1	1	1	0	1	0	0	**8**
2014	0	1	1	0	0	0	3	0	0	0	0	0	**5**

Incidents in Focus Narrative

In accordance with requirements of Marine Security Advisory before arrival at the Jose Terminal, Venezuela the additional security training with crew was carried out and security measure equivalent Level 2 was implemented accordingly. Additional lighting of sea around vessel was established. Both side hawse pipes were closed and locked.

On 07 July 2018 while extremely prolonged stay at anchorage of Puerto La Cruz, Venezuela the armed robberies boarded the vessel. The robberies accessed the vessel from boat to the deck using ropes. The 2nd Officer noticed the conspicuous movement and raised alarm. At that point discovered intruders jumped into the water. As the result some ship's property was damaged and stolen. All parties were well informed with implementing additional security measures and corrective actions.

1 Security Incident

during 2018

1 Navigational Incident

during 2018

The incident took place on 17 November 2018 at 13:18 LT/12:18 GMT on the Escravos river, Nigeria. M/v ARVIKA collided with m/v EFI THEO during her passage from port of Warri, Nigeria after discharging of about 10000 mts of wheat in bulk. The incident occurred on the conjunction Escravos river and Chamonni creek resulting m/v EFI THEO obtained the hole at starboard side of the cargo hold No. 3. All pre-departure procedures were duly performed. The Master-Pilot exchange information was completed and pilotage plan agreed by the Master with filing all necessary forms and log books records keeping. En route to Warri it was observed and noted that actual depth on that fairway was considerably varying form the charted ones as well as many buoys marking the navigation channel were either missing or relocated. The local specific knowledge was essential for the safe navigation. The both pilots' failure to co-ordinate and communicate the passing arrangements for m/v ARVIKA and m/v EFI THEO was significant. M/v EFI THEO was proceeding with unsafe speed 12-13 knots and did not reduce it for the unknown reasons.
At the time of repot completing the official investigation was still in progress.

The security aspects such as piracy and unstable areas should be considered for the successful voyage planning

Specific training should be provided on how to effectively incorporate the pilot into the bridge team

Maritime Risks Intelligence

The latest study by the Seafarers International Research Centre (SIRC) into the causes of maritime accidents between 2002 and 2016, found that inadequate risk management was the leading cause of almost 56% of all accidents.

An annual report from the International Maritime Bureau showed that piracy attacks in West Africa and Indonesian regions increased in 2018.

As the responsible Safety Managers, we shall ensure information gathering, analysis and assessment relating to the safety and security risks and threats in our vessels trading areas.

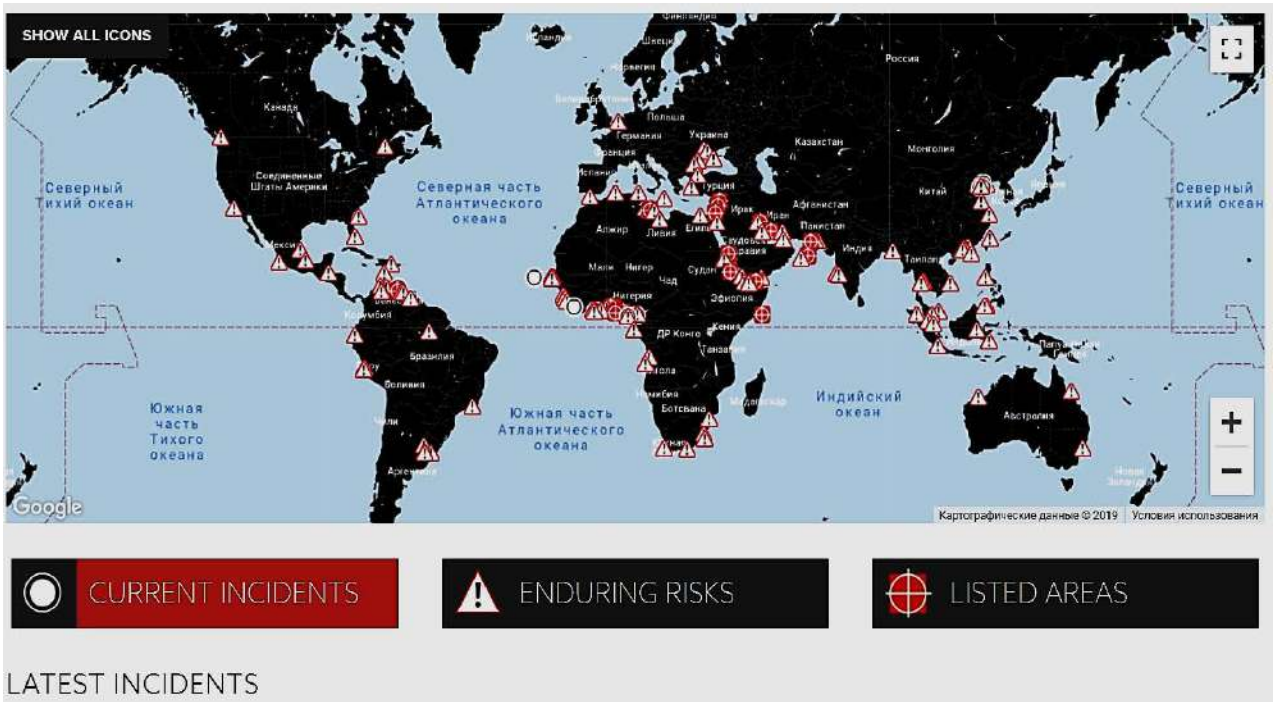
Staff Centre Shipmanagement commenced using on the permanent basis various Risk Portals on freely available terms which provide up-to-dated information and analysis of maritime safety and security threats and incidents.

The essential benefits from these risk platforms:

- User friendly interface;
- 24/7 risk alerts update;
- Statistics tool;
- Guidance and recommendations.

KPI Description of actions taken to improve KPI020; KPI029 and overall risks awareness

Best practices sharing how technologies can assist shipping companies to reduce risks of accidents at sea



Source: https://www.graypage.com/threat-picture/

Health and Safety Targets 2019

Incidents are evaluated and analyzed by the Safety and Technical departments, and important lessons learned are communicated amongst the functions and relevant business units through safety bulletins, meetings and training seminars. Proactive approach to our safety performance can be adopted only by encouraging the continuous search for innovative ideas, areas of improvement and ensuring that all appropriate information within our E-SCMS is followed. This will be achieved by good cooperation between both our personnel working ashore and those working on board our vessels. As identified by the ISM Code, commitment from the highest level of the Company is vital to ensure that personnel will act safely at all times. Our Company will continue to work towards a strong improvement in affected areas with personal commitment to reduce the risk of possible incidents.

№	KPI	Title	Section	$KPI_{min\ req}$ 0%	KPI_{target} 100%	Actions
1.	KPI020	Navigational incidents	Navigational Safety Performance	1	0	1. Ensure compliance with all applicable rules, regulations and good seamanship practices; 2. Adhering to Shipvisor maintenance intervals; 3. Crew awareness and involvement; 4. Regular training sessions and drills; 5. Maritime risks monitoring; 6. Special focused pre-joining training and meetings;
2.	KPI013	Fire and explosions	Other	1	0	1. Adherence to safety regulations; 2. Compliance with the best practices of shipping industry; 3. Crew awareness and involvement; 4. Regular training sessions and drills;
3.	KPI029	Security Deficiencies	Security Performance	2	0	1. Ensure compliance with all applicable rules and regulations; 2. Advanced vessel preparation to possible inspections; 3. Information update of recent PSC trends; 4. Crew awareness and involvement; 5. Regular training sessions and drills; 6. Security risk alerts monitoring; 7. New requirements implementation of BMP5 and Global Country Piracy Guidance for Companies, Masters and Seafarers.

Notes:

KPI_{Target} is the KPI_{Value} which give KPI_{Rating}=100

$KPI_{Min\ Req}$ is the KPI_{Value} which give KPI_{Rating}=0

Port State Control Performance 2018

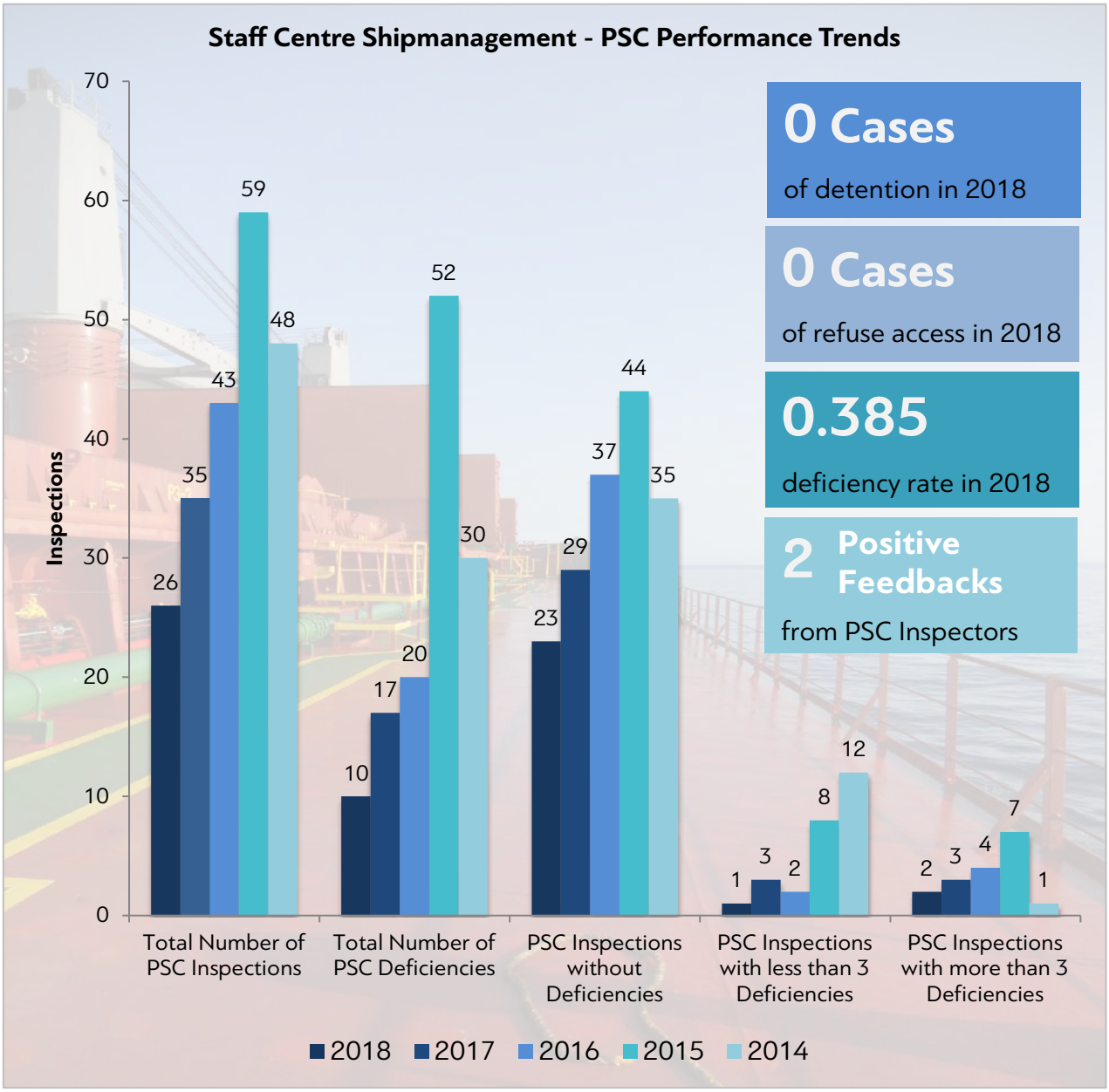
Port state control is the inspection of foreign ships in national ports to verify that the condition of the ship and its equipment complies with the requirements of international conventions and that the ship is manned and operated in compliance with these rules.

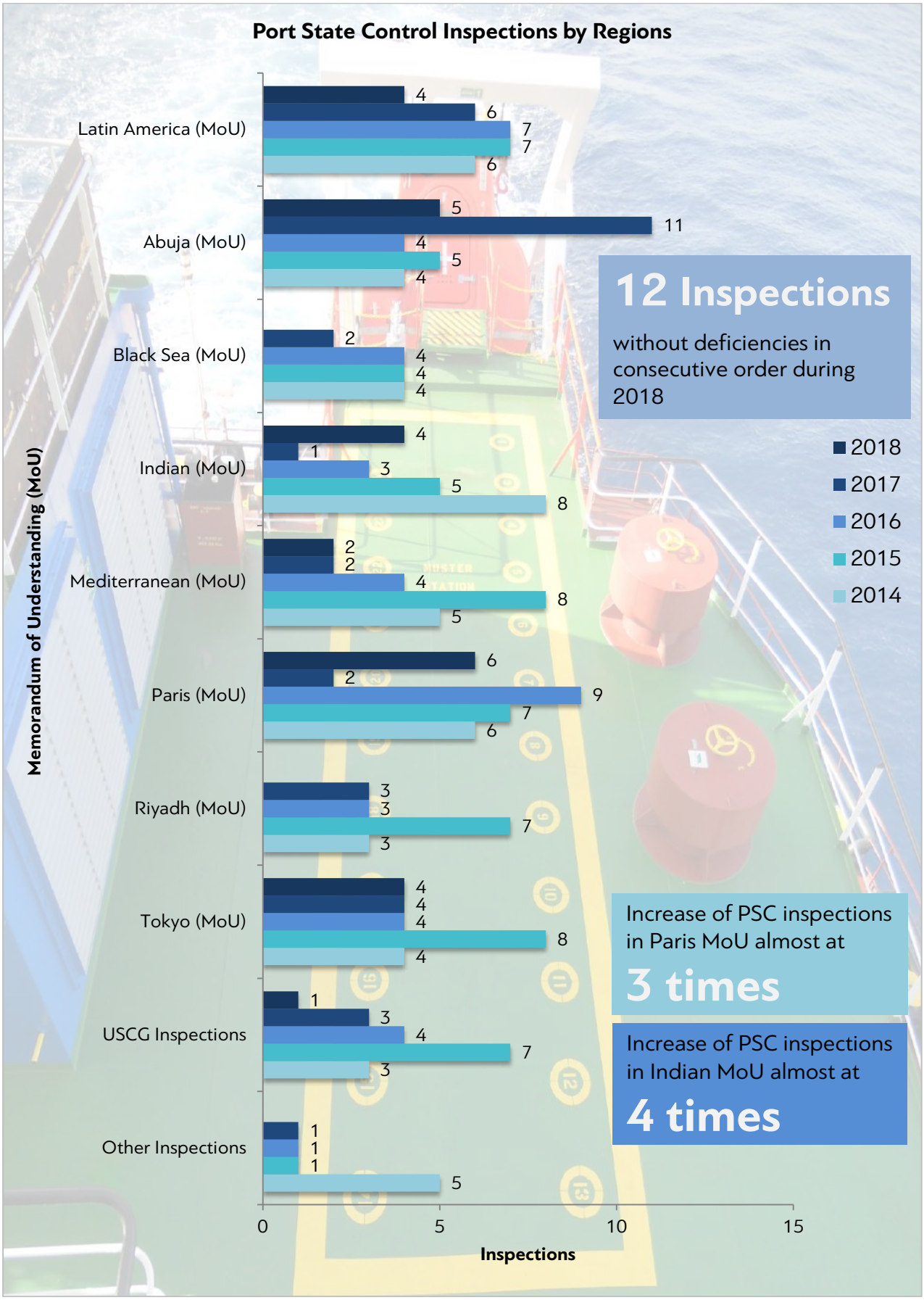
If a deficiency is found, this may result in significant consequences:

- Possible delays and off-hire times due to detentions;
- Negative impact on Company rating;
- Increased targeting of your ship and company by MoUs, combined with more detailed PSC inspections and increased risk for PSC detention;
- Negative exposure leading to a loss of reputation.

Our clients and their customers treat PSC detentions very seriously and a prospective charterer is unlikely to charter a ship that has a bad history of PSC records.

26 Port State Control (PSC) inspections were conducted out on SCM managed vessels during 2018.




Port State Control Inspections by Regions
Memorandum of Understanding (MoU)
Latin America (MoU)
4 6 7 7 6
Abuja (MoU)
5 11 4 5 4
Black Sea (MoU)
2 4 4 4
Indian (MoU)
4 1 3 5 8
Mediterranean (MoU)
2 2 4 8 5
Paris (MoU)
6 2 9 7 6
Riyadh (MoU)
3 3 7 3
Tokyo (MoU)
4 4 4 8 4
USCG Inspections
1 3 4 7 3
Other Inspections
1 1 1 5
0
5
10
15
Inspections
2018
2017
2016
2015
2014
12 Inspections
without deficiencies in consecutive order during 2018
Increase of PSC inspections in Paris MoU almost at
3 times
Increase of PSC inspections in Indian MoU almost at
4 times

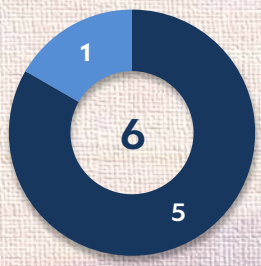
Latin America (MoU)

Abuja (MoU)

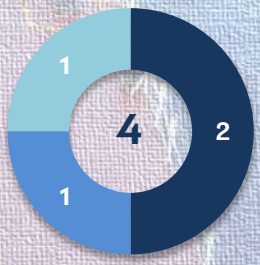
Indian (MoU)

Mediterranean (MoU)

Paris (MoU)



Tokyo (MoU)



USCG Inspections

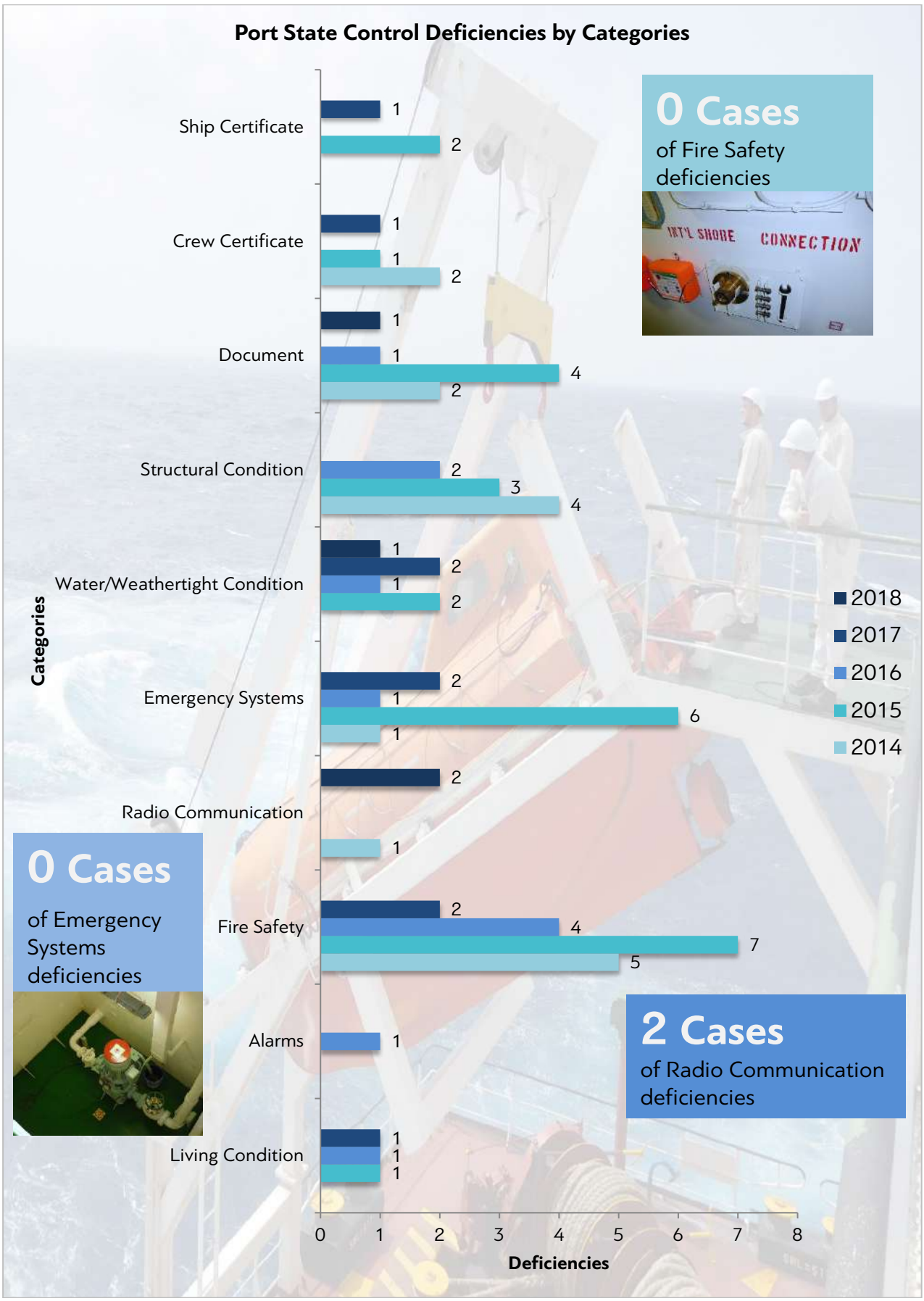
Information sharing about the local PSC inspections trend in Tokyo MoU

6 PSC deficiencies in Tokyo MoU

It was traced that PSC inspections in China (Tokyo MoU) became more severe and aggressive in comparison with USCG and AMSA inspections when even minor observations are treated as serious deficiencies in spite of the Company's efforts to rectify the raised non-conformities in advance.

As per the local agents' information, the PSC inspectors have an unspoken plan for deficiencies which they should thoroughly execute. And if the vessel has a Low Risk Status, they raise easily eliminated deficiencies without further onsight follow-up inspections.

Port State Control Deficiencies by Categories

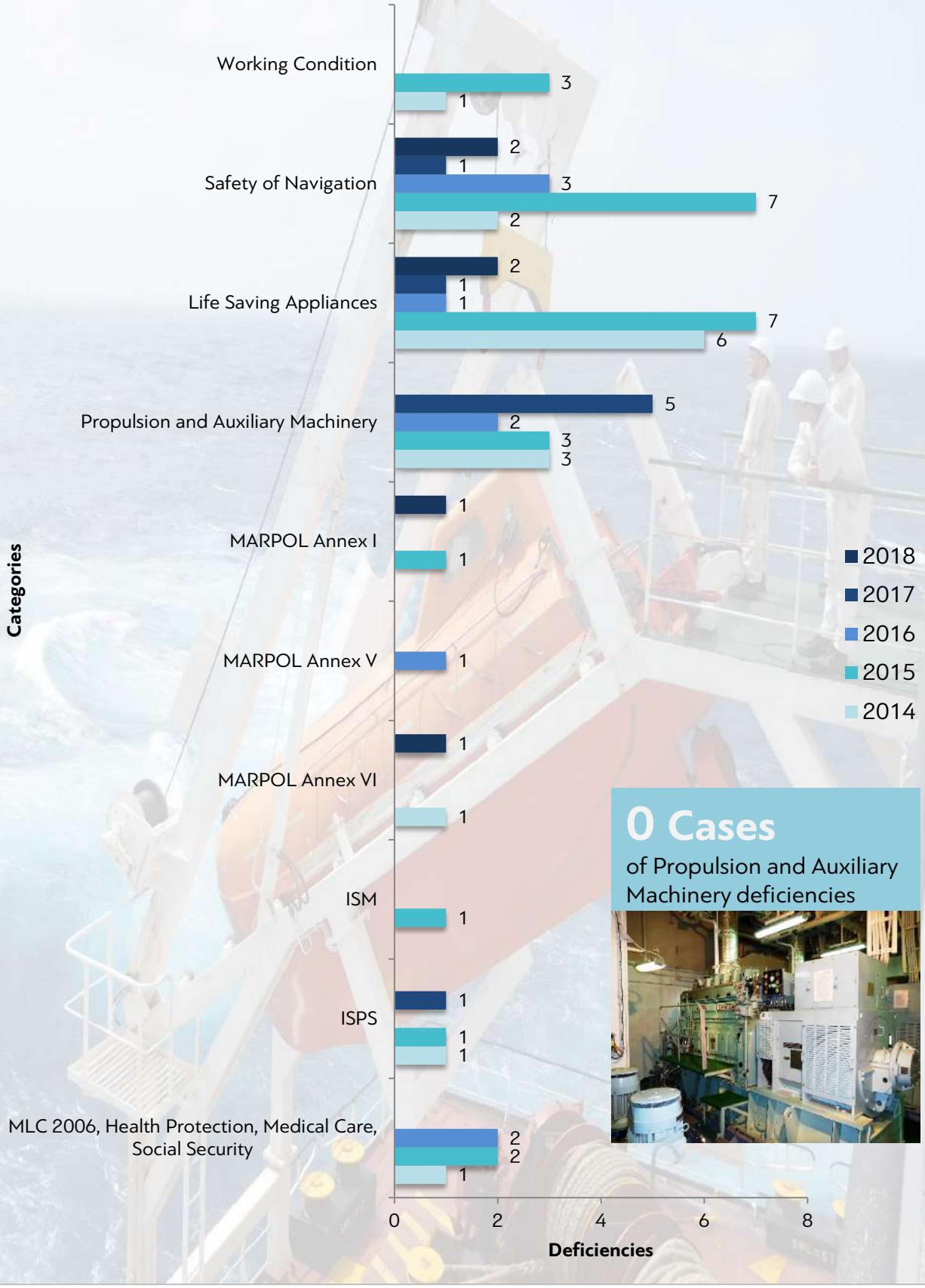


0 Cases
of Fire Safety deficiencies

0 Cases
of Emergency Systems deficiencies

2 Cases
of Radio Communication deficiencies

Port State Control Deficiencies by Categories



0 Cases
of Propulsion and Auxiliary Machinery deficiencies

Direct Cause of PSC Deficiencies 2018

2 Cases
of PSC groundless deficiencies

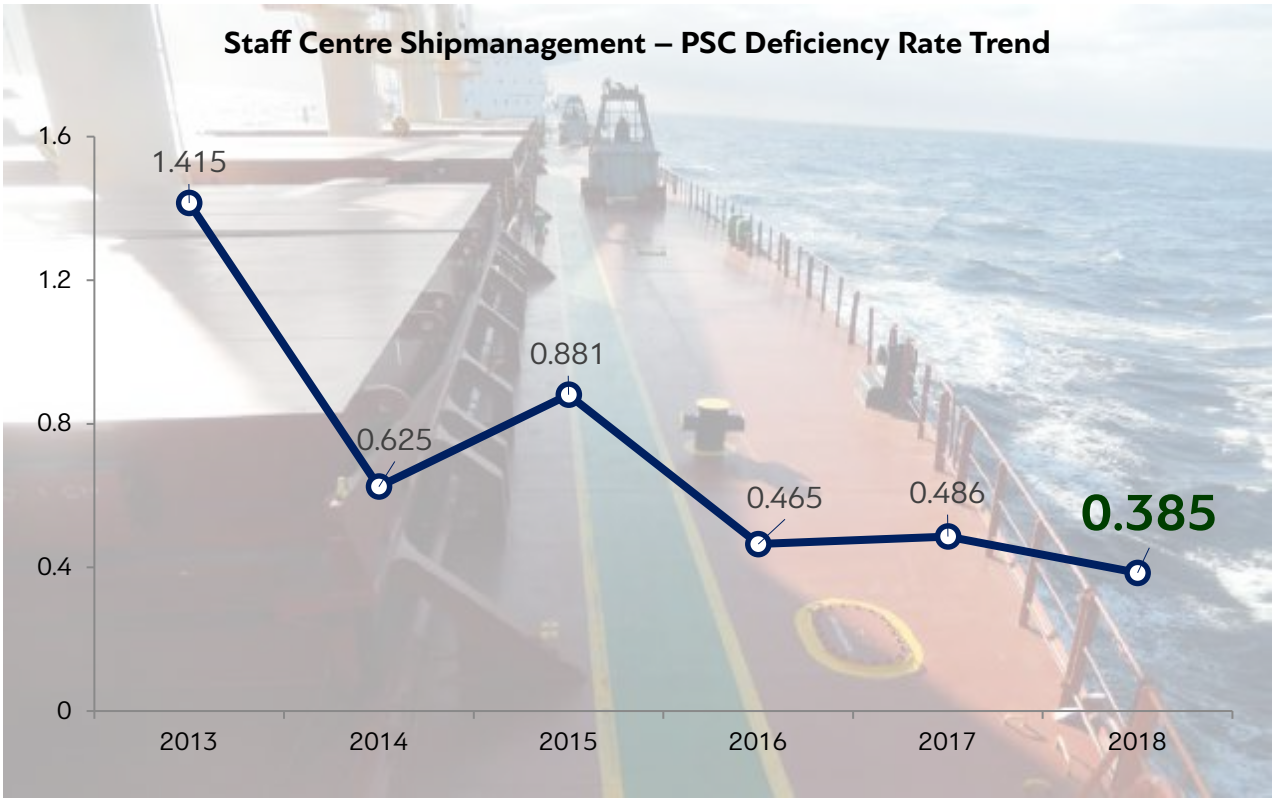
2 Cases
of PSC deficiencies based on misunderstood actions

Root Cause of PSC Deficiencies 2018

0.885
PSC Inspection performance (without deficiencies)

0.385
the lowest PSC deficiency rate in the Company history

Staff Centre Shipmanagement – PSC Deficiency Rate Trend



PSC Concentrated Inspection Campaigns 2018

Port States have conducted the numerous Concentrated Inspection Campaigns (CICs) from 1 September through 30 November 2018 on the following subjects:

1. Abuja MoU: Life-saving appliances;
2. Paris MoU: MARPOL Annex VI;
3. Tokyo MoU: MARPOL Annex VI;
4. Indian Ocean MoU: MARPOL Annex VI;
5. Mediterranean MoU: MARPOL Annex VI;
6. Black Sea MoU: MARPOL Annex VI;
7. Caribbean MoU: MARPOL Annex VI.

Company's procedures regarding these matters were checked and reviewed to provide up to dated recommendations and requirements. A self-inspection/assessment on board of SCM fleet was arranged and all crew members were provided with training prior to entering the port of inspection during the CIC periods.

Concentrated Inspection Campaigns on SCM Fleet during 2018

Vessel	Date	Place and type of inspection	Type of CIC	Def.
AVIONA	24 September 2018	Aughinish, Ireland (Paris MoU)	MARPOL Annex VI	0
ARVIKA	19 October 2018	Lagos, Nigeria (Abuja MoU)	Life-saving appliances	0
ANARITA	12 November 2018	Tianjin, China (Paros MoU)	MARPOL Annex VI	2*
ALMERIA	20 November 2018	St. Petersburg, Russia (Paris MoU)	MARPOL Annex VI	0
ARNICA	27 November 2018	Lisbon, Portugal (Paris MoU)	MARPOL Annex VI	0
ARVIKA	29 November 2018	Owendo, Gabon (Abuja MoU)	Life-saving appliances	0

Note: * - the raised deficiencies were not associated with MARPOL Annex VI.

Other Special Purpose Inspections on SCM Fleet during 2018

Vessel	Date	Place	Type of inspection	Def.
ARALIA	03 January 2018	Riga, Latvia	MARPOL Inspection	0
ARIZONA	25 January 2018	Klaipeda, Lithuania	MARPOL Inspection	0
USOLIE	13 March 2018	Antwerp, Belgium	MARPOL Inspection	0
AVIONA	01 July 2018	Conakry, Guinea	MARPOL Inspection	0
IRON KOVDOR	25 July 2018	Antwerp, Belgium	MARPOL Inspection	0

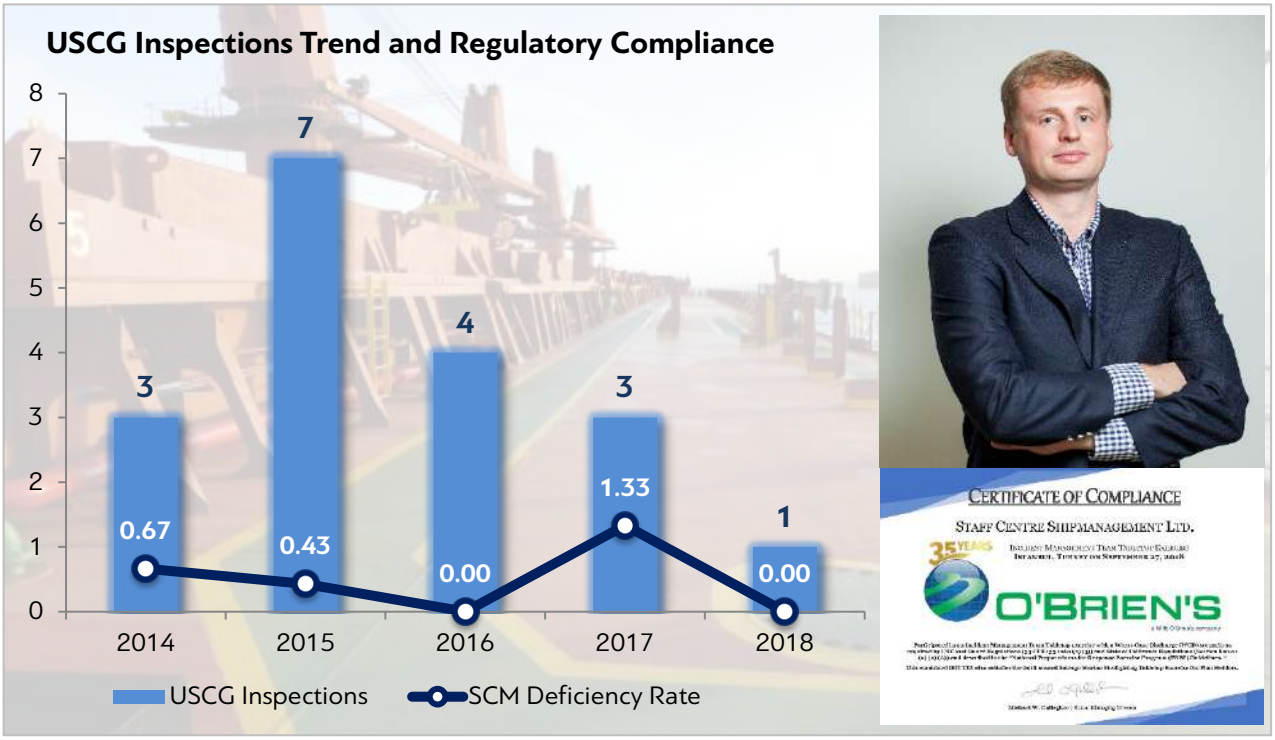
USCG Inspections and Regulatory Compliance

The U.S. Coast Guard administers a wide range of maritime safety laws related to merchant vessels, the protection of merchant seamen, and the protection of the environment. These laws require the development of safety standards, the licensing of operating personnel, and the inspection of vessels to ensure compliance. The Coast Guard's program is not limited to United Sates vessels. Certain foreign flag vessels coming within United States jurisdiction are required to meet various international and domestic vessel safety standards as well.

The U.S. Coast Guard is responsible for the inspection and regulation of many commercial vessels. The purpose of the inspection process is to ensure that a vessel has a suitable structure, proper equipment, and accommodations. The inspection process begins with the approval of a design and plans, and inspection continues throughout construction. After the initial inspection (upon completion of the vessel), subsequent inspections ensure that the vessel is maintained in a condition consistent with safety of life and property and in conformance with applicable marine safety laws and directives.

Following proactive approach applied by the Company Management, before USA call a comprehensive preparation of each vessel is arranged via throughout maintenance and marking, more frequent drills, earlier annual flag inspection without additional expenses to Shipowner as well as close cooperation of shipboard crew.

Deputy of DPA & CSO of Staff Centre Shipmanagement Mr. Sergey Shevchenko participated in Annual Witt O'Brien's Incident Management Team Tabletop Exercise 2018 on 27 September 2018 in Istanbul, Turkey. This combined IMT TTX also satisfies the 2018 Annual Salvage Marine Firefighting Tabletop Exercise for Plan Holders.



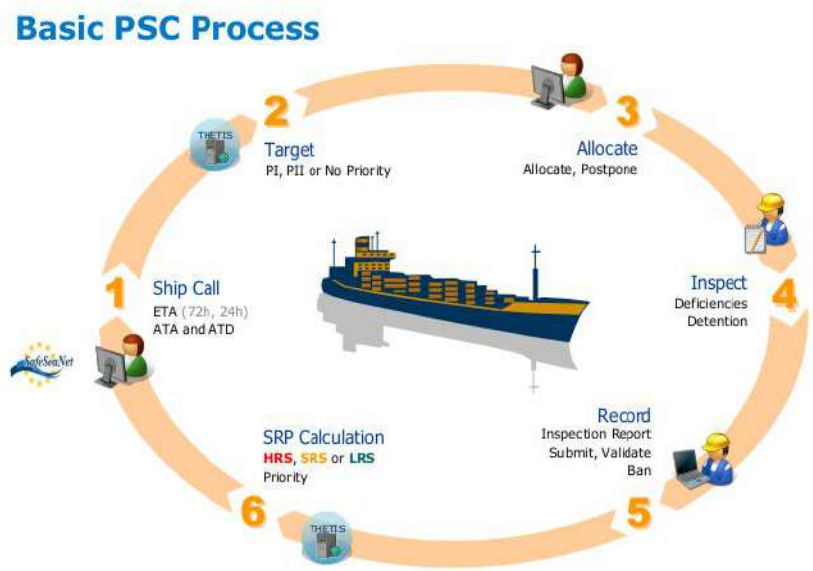
Paris MoU Performance Status

Company Performance Profile

One of the parameters to determine the SRP is the Company Performance, explained in annex 7 of the Paris MoU text. Company performance takes account of the detention and deficiency history of all ships in a company's fleet while that company was the ISM Company for the ship. Companies are ranked as having a very low, low, medium or high performance. The calculation is made daily on the basis of a running 36-month period. There is no lower limit for the number of inspections needed to qualify except a company with no inspections in the last 36 months will be given a "medium performance".

Company performance takes account of the detention and deficiency history of all ships in a company's fleet while that company was the ISM Company for the ship. Companies are ranked as having:

- **Very Low Performance Profile** – significantly increase the risk for all managed vessels to be assigned as "High Risk Ships" automatically, notwithstanding the age and PSC history, with shortening of PSC inspections interval to 5/6 month.
- **Low Performance Profile** – increase the risk for all managed vessels to be assigned as "High Risk Ships" automatically, notwithstanding the age and PSC history, with shortening of PSC inspections intervals to 5/6 month.
- **Medium Performance Profile** – good results adding "0" negative points to managed vessel's Risk Profile and increasing the PSC inspections intervals to 10/12 month. However, not allowing to any managed vessel to become "Low Risk Ship".
- **High Performance Profile** – best possible result adding "0" negative points to managed vessel's Risk Profile and giving to all fleet vessels good chance to become "Low Risk Ship" and increasing the PSC inspections intervals to 24/36 month. In this case the actual "Risk Profile" of all ships in fleet will depends on own PSC history only.



Our Status Retention

High
performance Company under Paris MoU

Low
risk vessels under Paris MoU

0 Cases
of ships banning under Paris MoU

Paris MoU Inspections History over the last 36 Months

No	Vessel's name	Data of inspection	Type of inspection	Port of inspection	ISM deficiencies	Non-ISM deficiencies	Number of detentions
17.	ARNICA	27/11/2018	Initial	Lisbon, Portugal	0	0	0
16.	ALMERIA	20/11/2018	More detailed	St. Petersburg, Russia	0	0	0
15.	AVIONA	24/09/2018	Initial	Aughinish, Ireland	0	0	0
14.	IRON KOVDOR	02/07/2018	Expanded	Stade, Germany	0	0	0
13.	ARCADIA	19/06/2018	More detailed	St. Petersburg, Russia	0	4	0
12.	ARVIKA	08/03/2018	Initial	Hamburg, Germany	0	0	0
11.	USOLIE	03/10/2017	More detailed	Klaipeda, Lithuania	0	0	0
10.	ARALIA*	24/05/2017	Expanded	Lisbon, Portugal	0	0	0
9.	USOLIE	04/11/2016	Expanded	Klaipeda, Lithuanian	0	0	0
8.	ARINAGA*	17/10/2016	Expanded	Aviles, Spain	0	0	0
7.	IRON KOVDOR	06/06/2016	Expanded	Bilbao, Spain	0	0	0
6.	ALMERIA	03/05/2016	Initial	Gibraltar	0	0	0
5.	ARNICA	28/04/2016	Initial	Huelva, Spain	0	1	0
4.	ARIZONA	16/04/2016	More detailed	Porto Marghera, Italy	0	0	0
3.	ARCADIA	26/03/2016	More detailed	Kavkaz, Russia	0	0	0
2.	AVIONA	15/03/2016	Initial	Leixoes, Portugal	0	0	0
1.	ARVIKA	06/02/2016	More detailed	Gibraltar	0	0	0
Total:					**0**	**5**	**0**

* including all ships in Company's fleet while the Company was the ISM Manager for the ship

Company Detention Index

Paris MoU Average Detention Ratio	**3.66% (detentions per inspections)**
Staff Centre Shipmanagement	**0.0% (detentions per inspection)**

Company Deficiency Index

Paris MoU Average Deficiency Ratio	**2.75% (points per inspections)**
Staff Centre Shipmanagement	**0.29% (points per inspection)**

Parameters for Company Performance

General Parameters	Results
How many PSC inspections has the fleet undergone in the Paris MOU region?	17
In how many detentions have these inspections resulted?	0
How many Non ISM deficiencies have been recorded during these inspections?	5
How many ISM deficiencies have been recorded during these inspections?	0
Has a refusal of access order been issued to any ship of the fleet?	No

Since the moment when New Inspection Regime (NIR) of the Paris MoU on Port State Control entered into force on 1 January 2011 for all 27-member states, our Company has initiated campaign targeting the improvement of a risk profile for each managed ship as well as increase the Company's performance level in general.

As result of this campaign and based on the above-mentioned statistic, Staff Centre Shipmanagement remains the status of **"High Performance Company"** rating in accordance with PSC Paris MoU new.

Main benefit of this rating is increasing of PSC inspection intervals from 10-12 month for Standard Risk Vessels (or even 5-6 month for High Risk Vessels) to 24-36 month for Low Risk Vessels (except ships over 12 years old).

Company Rating and Ship's Risk profile is valid for current moment only (similar to RightShip star rating) and could be reduced at any moment subject to negative PSC inspection results of any managed vessel as well as are affected by Overriding and Unexpected factors.

Ship Risk Profile

Every day a number of ships will be selected for a port State control inspection throughout the region. To facilitate such selection, the central computer database, known as 'THETIS' is consulted by PSCO's. This information system, hosted by the European Maritime Safety Agency, informs national PSC authorities which ships are due for an inspection. Data on ships particulars and reports of previous inspections carried out within the Paris MoU region are provided by the information system as well.

Each ship in the information system will be attributed a ship risk profile (SRP), in accordance with Annex 7 of the Paris MoU text. This SRP will determine the ships priority for inspection, the interval between its inspections and the scope of the inspection.

Periodic Inspections are carried out at intervals determined by the ship risk profile. Overriding or unexpected factors might trigger an inspection between periodic inspections. This category of inspection is referred to as an Additional Inspection.

Ships become due for periodic inspection in the following time windows:

- For **HRS** – between 5-6 months after the last inspection in the Paris MoU region.
- For **SRS** – between 10-12 months after the last inspection in the Paris MoU region.
- For **LRS** – between 24-36 months after the last inspection in the Paris MoU region.

Periodic Inspections and Additional Inspections count equally. Therefore, the time span for the next periodic inspection re-starts after an additional inspection.

A ship's risk profile is recalculated daily taking into account changes in the more dynamic parameters such as age, the 36 months history and company performance. Recalculation also occurs after every inspection and when the applicable performance tables for flag and R.O.s are changed.

Parameters for Ship Risk Profile

General Parameters	Results
Type of ship	Bulk carriers – 2 negative points
Is the ship older than 12 years	1 point if Yes / 0 points if No
Flag State performance	Liberia for all fleet / White List – 0 points
Is the Flag IMO Audited	Yes, for all fleet – 0 points
Recognized Organization Performance	NKK, BV – HIGH performance – 0 points
Is the RO recognized by one of the Paris MOU members	NKK, BV – 0 points
ISM Company Performance	«High» – 0 points
Historical Parameters in the last 36 months	each vessel in accordance with the table below

Ship Risk Profile under Paris MoU

Vessel's name	Total number of inspections Paris MOU within last 36 months	Total number of non-ISM deficiencies	Total number of ISM deficiencies	Number of detentions	Ship's current Risk Profile
ALMERIA	2	0	0	0	LRS
ANARITA	0	0	0	0	SRS*
ARCADIA	2	4	0	0	LRS
ARIZONA	1	0	0	0	LRS
ARNICA	2	1	0	0	LRS
ARVIKA	2	0	0	0	LRS
AVIONA	2	0	0	0	LRS
IRON KOVDOR	2	0	0	0	LRS
USOLIE	2	0	0	0	LRS

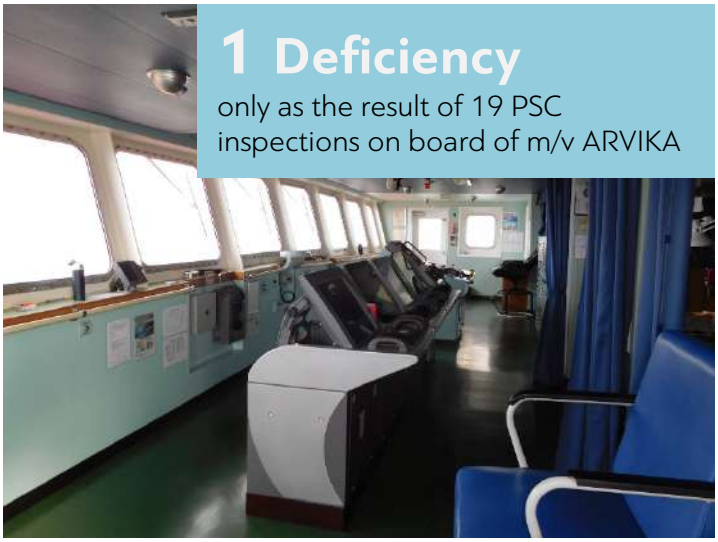
Note:

* - the last PSC inspection on board on 8 June 2015 in Swinoujscie, Poland

PSC Officers Amazement on SCM Low Risk Vessels Status

In the course of more detailed PSC inspection at Saint Petersburg, the Russian Federation under Paris MoU on board of m/v ALMERIA, the attending inspectors were very surprised when they found out that the subject vessel was assigned as the Low Risk Ship arguing that as per their experience all bulk carriers were treated as High Risk Ships by default. As the result on 20 November 2018 the vessel passed a more detailed inspection including a CIC on MARPOL Annex VI without deficiencies.

On 27 November 2018 in the course of initial PSC inspection at Lisbon, Portugal under Paris MoU on board of m/v ARNICA, the boarding inspector verbally admitted a good maintained vessel and excellent arranged management resulting in completion of PSC inspection without deficiencies including a CIC on MARPOL Annex VI.



1 Deficiency
only as the result of 19 PSC inspections on board of m/v ARVIKA

Port State Control Performance Targets 2019

Staff Centre Shipmanagement acknowledges that Port State Control plays a vital role within the shipping industry ensuring that standard of safety and environmental protection is maintained identifying sub-standard vessels. Our Company believes that important lessons may be learned by the analysis of PSC performance and records which gives a ground for further improvement and perfection. As the technical and safety managers we are working for greater sharing of inspection records and industry's best practices between our vessels as we believe this will be beneficial for our continuous improvement.

№	KPI	Title	Section	$KPI_{min\ req}$ 0%	KPI_{target} 100%	Actions
1.	KPI014	Port State Control Performance	Health and Safety	0.33	1	1. Ensure compliance with all applicable rules and regulations; 2. Adhering to Shipvisor maintenance intervals; 3. Advanced vessel preparation for possible inspections; 4. Information update of recent PSC trends; 5. Marine/Technical Superintendents attendance and support in strict PSC MoU regions;
2.	KPI015	Health and Safety Deficiencies	Health and Safety	4	0	1. Ensure compliance with all applicable rules and regulations; 2. Adhering to Shipvisor maintenance intervals; 3. Advanced vessel preparation to possible inspections; 4. Information update of recent PSC trends; 5. Crew awareness and involvement; 6. Regular training sessions and drills;
3.	KPI019	Navigational deficiencies	Navigational Safety Performance	3	0	1. Ensure compliance with all applicable rules, regulations and good seamanship practices; 2. Adhering to Shipvisor maintenance intervals; 3. Advanced vessel preparation to possible inspections; 4. Information update of recent PSC trends; 5. Regular training sessions and drills; 6. More regular navigational assessment and audits;

№	KPI	Title	Section	$KPI_{min\ req}$ 0%	KPI_{target} 100%	Actions
4.	KPI024	Operational deficiencies	Operational Performance	3	0	1. Ensure compliance with all applicable rules and regulations; 2. Adhering to Shipvisor maintenance intervals; 3. Advanced vessel preparation to possible inspections; 4. Propulsion and Auxiliary Machinery – areas of specific focus during PSC preparation; 5. Information update of recent PSC trends; 6. Crew awareness and involvement; 7. Regular training sessions and drills;
5.	KPI027	Port State Control Detention	Operational Performance	1	0	1. Ensure compliance with all applicable rules and regulations; 2. Adhering to Shipvisor maintenance intervals; 3. Advanced vessel preparation to possible inspections; 4. Information update of recent PSC trends; 5. Crew awareness and involvement; 6. Regular training sessions and drills; 7. Arrangement of earlier ASI Flag inspections in USA; Australia/New Zealand;
6.	KPI026	Port State Control deficiency ratio	Other	3	0	1. Ensure compliance with all applicable rules and regulations; 2. Advanced vessel preparation to possible inspections; 3. Information update of recent PSC trends; 4. Crew awareness and involvement; 5. Regular training sessions and drills; 6. Marine/Technical Superintendents attendance and support in strict PSC MoU regions;

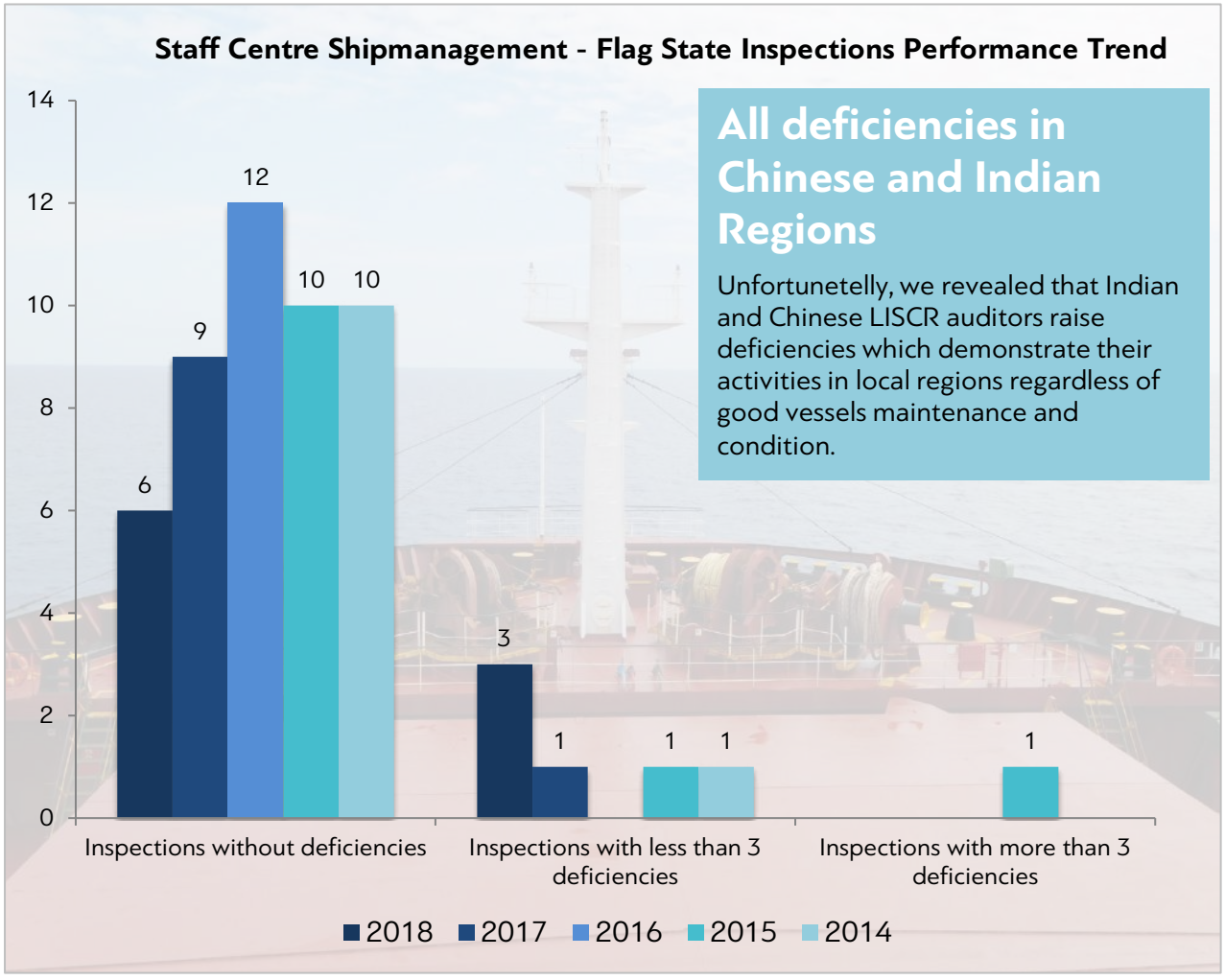
Flag State Inspections Performance 2018

The Liberian Registry is comprised of 4,330+ vessels aggregating over 160 million gross tons, representing 11 percent of the world's ocean going fleet. Liberia has earned international respect for its dedication to flagging the world's safest and most secure vessels. The Liberian Registry is recognized at the top of every industry "white-list" including the International Maritime Organization and the major Port State Control authorities. As a founding member of the International Maritime Organization (IMO), Liberia has taken a leading role in global shipping at a very early stage and continues to be a member of the IMO Council.

The Liberian Registry is administered by the Liberian International Ship & Corporate Registry (LISCR, LLC), a private U.S. owned and globally operated company. LISCR is internationally recognized for its professionalism and commitment to reduce redundant workflow procedures in order to increase efficiency. The Registry is managed by industry professionals who understand the business of shipping and corporate structures. Its proficient administration is one of the most effective and tax efficient ship and corporate registries in the world.

In addition to its full-service regional offices located in the major maritime centers of the world, the Liberian Registry is the first and so far, the only major open registry to have trained a worldwide network of more than 400 professional nautical inspectors and qualified auditors.

The Flag Administration actively participates in prevention of PSC deficiencies. The Administration frequently updates its pre-arrival checklists to identify the most common detainable deficiencies to provide value to the Compliance Assistance Program (CAP). To better assist the vessel operator, the Master and the crew on board Liberian ships, the Administration requires Master's and/or DPA's to provide an Advanced Notice of Arrival (ANOA) at least 4 work days (96 hours) prior their vessel arrives at its first port of call for Australia, China, Europe, or the USA.



RightShip Performance 2018

RightShip was formed to improve dry bulk safety and quality standards and draw on the significant ship vetting expertise of global commodity companies, BHP Billiton and Rio Tinto. As major charterers and shippers, the founding businesses had developed vetting systems to manage their own marine risk. RightShip combined their expertise and resources to develop a Ship Vetting Information System (SVIS™) as a comprehensive risk management tool, which was in service until 2016. RightShip is focused on helping industry avoid preventable incidents, while reducing the carbon dioxide emissions emitted by the world marine fleet.

In 2016 RightShip introduced all customers to the next generation vetting tool, RightShip Qi. Pronounced 'key' – and an acronym for Quality Index – RightShip Qi is all about improving maritime safety and efficiency. RightShip have moved from a system that estimates risk to one that is predicting the risk of an incident, and, where the factors in SVIS were independent, in Qi the system is calculating the interrelationship between the factors using an IBM predictive analysis tool.

Essentially, this is because SVIS and RightShip Qi are different risk measurements:

1. **SVIS** was reactive, and so had to wait for something to go wrong before being considered in the model;
2. **RightShip Qi** is predictive, and so learns from other ships in similar circumstances. Given the recent fleet renewal we identified an opportunity to get smarter at predicting risk, as there is much inherent risk waiting for something to go wrong before acting.

SVIS has been in use for 15 years, and over this time the general safety standards of vessels have gradually improved. This was reflected in the SVIS star rating, so over time, more and more vessels achieved higher rating scores – which was appropriate for the SVIS platform. As such the 'average' rating for a vessel in 2016 was around 4 stars. The problem with this was that 4 or 5 stars indicate a superior vessel, and whilst this was the case in the earlier days of SVIS, more recently it has not always been so. The **RightShip Qi** platform takes advantage of modern technology and developments in risk rating algorithms, and provides us with a more dynamic star rating. Qi has been designed so that an 'average' vessel has an 'average' star rating – which in a 5-star scale, is a 3-star risk rating.

There are many influences on a vessel's risk rating – each of which is comprised of multiple, inter-related factors. The principal risk factors are summarized into 9 risk groups that are not considered in isolation, but rather interact with each other differently for each individual vessel prediction. These are:

1. Regulator Risk - models the interaction between a vessels Classification Society & Flag State;
2. Casualties Risk - casualty performance of the vessel in recent years;
3. Vessel PSC Risk - performance of the vessel at recent PSC Inspections;
4. Builder Risk - average casualties in the early life of vessels from each yard;
5. Size Risk - model context regarding a vessel's size;
6. Age Risk - age of vessel in years;
7. Type Risk - model context regarding a vessels type (Bulk Carrier, Containerships, General Cargo, Tankers & Others);
8. DOC PSC Risk - average performance at PSC inspections for vessels sharing the same DOC Manager;
9. Continuity Risk - considers the continuity of standards & systems across DOC Holders, Flag States & Classification Societies.

In response to growing trend of global CO_2 emissions and customer demand, in 2011 RightShip developed a systematic and transparent means of comparing the relative efficiency of the world's shipping fleet. Rather than adopting a 'one size fits all' approach, the **GHG Rating** compares a ship's theoretical CO_2 emissions relative to peer vessels of a similar size and type using an easy to interpret A - G scale. The GHG Emissions Rating compares the relative efficiency of a ship using EVDI (or EEDI if applicable). The comparison against a ship's peer group – ship of same type and size e.g. +/- 10% deadweight – enables the relative comparison of efficiency.

RightShip Risk Rating of SCM Fleet

№	Vessel's Name	Class	Flag	Appertaining Risk Factors		Risk Rating	
				Negative (-)	Positive (+)	2017	2018
1.	ALMERIA	BV	Liberia	1. Casualty Risk: vessel run aground on October 12, 2013; 2. Casualty Risk: Robbery in Venezuela in July, 2018; 3. Builder Risk: vessel was built at China shipyard;	1. Vessel PSC Risk: 3 inspections / 0 deficiencies during 2018; 2. DOC PSC Risk: 26 inspections / 10 deficiencies during 2018;	3	2
2.	ANARITA	BV	Liberia	1. Builder Risk: vessel was built at China shipyard; 2. Vessel PSC Risk: 3 inspections / 2 deficiencies during 2018;	1. DOC PSC Risk: 26 inspections / 10 deficiencies during 2018;	5	4
3.	ARCADIA	BV	Liberia	1. Builder Risk: vessel was built at China shipyard; 2. Vessel PSC Risk: 4 inspections / 4 deficiencies during 2018;	2. DOC PSC Risk: 26 inspections / 10 deficiencies during 2018;	5	4
4.	ARIZONA	BV	Liberia	1. Builder Risk: vessel was built at China shipyard; 2. Vessel PSC Risk: vessel was detained in USA on March 03, 2015;	1. Vessel PSC Risk: 2 inspections / 0 deficiencies during 2018; 2. DOC PSC Risk: 26 inspections / 10 deficiencies during 2018;	3	4
5.	ARNICA	NKK	Liberia	1. Additional factors;	1. Vessel PSC Risk: 2 inspections / 0 deficiencies during 2018; 2. DOC PSC Risk: 26 inspections / 10 deficiencies during 2018;	4	4
6.	ARVIKA	NKK	Liberia	1. Additional factors;	1. Vessel PSC Risk: 4 inspections / 0 deficiencies during 2018; 2. DOC PSC Risk: 26 inspections / 10 deficiencies during 2018;	4	4
7.	AVIONA	BV	Liberia	1. Builder Risk: vessel was built at China shipyard;	1. Vessel PSC Risk: 4 inspections / 0 deficiencies during 2018; 2. DOC PSC Risk: 26 inspections / 10 deficiencies during 2018;	4	5
8.	IRON KOVDOR	NKK	Liberia	1. Age Risk: 18 years; 2. Additional factors;	1. DOC PSC Risk: 26 inspections / 10 deficiencies during 2018; 2. Vessel PSC Risk: 2 inspections / 0 deficiencies during 2018;	5	4
9.	USOLIE	NKK	Liberia	1. Age Risk: 26 years; 2. Casualty Risk: vessel was involved in collision on 20 October, 2017; 3. Vessel PSC Risk: No PSC inspections during 2018	1. DOC PSC Risk: 26 inspections / 10 deficiencies during 2018;	2	1*

Note: RightShip Risk Rating status was based on September, 2018

* - The Company Response on the collision was not provided to the RightShip Authority due to the official investigation was still in progress;

RightShip GHG Rating of SCM Fleet

Vessel's name	Status before actions	Rating before	Actions	grams CO_2 per tonne nautical mile / In (EVDI)	Rating after
ALMERIA	Verified	**D+**	1. Sea trials and shop test reports; 2. Operations - Voyage Planning/Weather routing; 3. Operations - Hull Surface - Hull Coating (Anti-fouling paint 2015); 4. Operations - Hull Cleaning (Las Palmas 14.09.2017); 5. Operations - Propeller Surface Finish/Polishing (Las Palmas 14.09.2017); 6. Operations - Propeller Surface Finish/Polishing (Algeciras 11.08.2018);	**5.344** **1.676**	**D+**
ANARITA	Unverified	**D+**	1. Sea trials and shop test reports; 2. Operations - Voyage Planning/Weather routing; 3. Operations - Hull Surface - Hull Coating (Anti-fouling paint 2017);	**4.585** **1.581**	**D+**
ARCADIA	Unverified	**D+**	1. Sea trials and shop test reports; 2. Operations - Voyage Planning/Weather routing; 3. Operations - Hull Surface - Hull Coating (Anti-fouling paint 2017);	**4.804** **1.569**	**D+**
ARIZONA	Verified	**D+**	1. Sea trials and shop test reports; 2. Operations - Voyage Planning/Weather routing; 3. Operations - Propeller Surface Finish/Polishing (Vancouver 01.09.2014); 4. Machinery - Energy Saving Lighting; 5. Operations - Hull Surface - Hull Coating (Anti-fouling paint 2016); 6. Operations - Hull Cleaning (Mombasa 06.12.2017);	**5.074** **1.624**	**D+**
ARNICA	Verified	**D+**	1. Sea trials and shop test reports; 2. Operations - Voyage Planning/Weather routing; 3. Operations - Hull Surface - Hull Coating (Anti-fouling paint 2015);	**5.347** **1.677**	**C+**
ARVIKA	Unverified	**E**	1. Sea trials and shop test reports; 2. Operations - Voyage Planning/Weather routing; 3. Operations - Hull Surface - Hull Coating (Anti-fouling paint 2017);	**4.324** **1.464**	**B+**
AVIONA	Verified	**D+**	1. Sea trials and shop test reports; 2. Operations - Voyage Planning/Weather routing; 3. Operations - Hull Surface - Hull Coating (Anti-fouling paint 2016); 4. Operations - Hull Cleaning (Trincomalee 20.05.2018);	**5.105** **1.630**	**D+**
IRON KOVDOR	Unverified	**E+**	1. Sea trials and shop test reports; 2. Operations - Voyage Planning/Weather routing; 3. Operations - Hull Surface - Hull Coating - Smooth foul release coatings (Zhoushan, 19.04.2018);	**3.789** **1.332**	**C+**
USOLIE	Verified	**C+**	1. Sea trials and shop test reports; 2. Operations - Voyage Planning/Weather routing; 3. Operations - Hull Surface - Hull Coating (Anti-fouling paint 2015); 4. Operations - Hull Surface - Hull Coating - Smooth foul release coatings (Zhoushan 16.06.2017).	**3.942** **1.372**	**C+**

Note: RightShip GHG Rating was based on September, 2018

Principal Risks and Uncertainties 2019

We have performed a comprehensive and systematic review of those risks that we believe could seriously affect our Company's performance, future prospects and reputation.

Principal Risks and Uncertainties 2019

№	Description of risk	Summary of implications	Control/mitigating actions	Risk level pre- and post-mitigation	
1.	Key Staff Retention	Business value and earnings could be lost if key people leave.	1. Succession and individual career path planning carefully managed at business unit and divisional level.	**Pre** Medium Risk	**Post** Low Risk
2.	Staff Retention	If the best staffs leave, they could take "their" business with them resulting in a loss to the Company.	1. Continue development of a culture of loyalty/growth as well as maintaining competitive remuneration packages.	**Pre** Medium Risk	**Post** Low Risk
3.	Principal Knowledge Maintenance	New trends/regulations/ requirements in shipping business may possess a risk on efficient Company operation.	1. Permanent monitoring and implementation of new trends/regulations/requirements in shipping industry; 2. Arrangement of trainings, educations process and career development in case of need; 3. Industry webinars participation.	**Pre** Medium Risk	**Post** Very Low Risk
4.	Reputational risk	The Company reputation may be affected by incorrect professional error/mistake; bribery matters, any type of unverified rumors and etc.	1. Increased emphasis upon Company compliance and risk; 2. No part of the Company is so significant or remote that senior management is unaware of actions of their staff; 3. Regular Safety and Quality meetings are arranged to manage different matters; 4. News section permanent update on the Company's website.	**Pre** High Risk	**Post** Low Risk
5.	Downturn in market conditions	Downturn in the world economy may affect the Company's activities.	1. The technical and safety management services are carried out until termination of "Shipman" agreement.	**Pre** Low Risk	**Post** Low Risk
6.	Non-compliance with local authorities and government requirements	Possible fines and suspension of services providing.	1. The Company acts in full compliance with all local requirements.	**Pre** Low Risk	**Post** Low Risk
7.	Non-compliance with Flag/Class/ PSC/Insurers requirements	Possible notations/deficiencies/detentions/termination of services providing.	1. It's Company's primary obligation to meet Flag/Class/PSC/Insurers requirements.	**Pre** Low Risk	**Post** Low Risk
8.	Customer satisfaction	Poor service can lead to loss of customers.	1. B2B approach; 2. A close discussion of different matters; 3. 24/7/365 budget performance; 4. Customer surveys; 5. Client evaluation reports.	**Pre** High Risk	**Post** Low Risk

Principal Risks and Uncertainties 2019

№	Description of risk	Summary of implications	Control/mitigating actions	Risk level pre- and post-mitigation	
9.	Corporate governance risk	Inadequate corporate governance measures may adversely impact the diligence, integrity and transparency of our risk assessment, decision-making and reporting processes and undermine stakeholder confidence.	1. Our Company is aiming to good corporate governance to meet the requirements of our business and stakeholders; 2. Internal procedures are in place to ensure compliance with all local and international laws and regulations; 3. The relevant employees receive regular governance training to ensure a high standard of corporate governance.	**Pre** **Medium Risk**	**Post** **Low Risk**
10.	Supplying services	Low-quality service/Substandard service/ Non-time delivery/incompetence /unauthorized services.	1. All relationships with suppliers and service providers are based on the requirements of ISO 9001:2015 paragraphs 8.4 and therefore evaluated, selected and monitored; 2. The Company maintains a database of numerous suppliers and service providers with own rating/comments/evaluation performance; 3. The Company clearly described and defined all applicable requirements to products and services to be provided.	**Pre** **Medium Risk**	**Post** **Low Risk**
11.	Unstable situation in Ukraine / Martial Law	Interruption of service due to possible internet disconnection.	Back-up office arrangement outside Ukraine; iCloud Data Storage.	**Pre** **High Risk**	**Post** **Low Risk**
12.	Major maritime accidents	Inadequate safety and operational standards, piracy and other causes of accidents may lead to loss of life, severe damage to property and our vessels, and impact the Company's reputation among seafarers, customers and other stakeholders.	1. Our commitment to the safe operation of our ships is manifested through a proactive system ashore and at sea – E-SCMS; 2. The high quality of our attention to safety is evidenced by zero major maritime accidents in previous year and a High Standard Company status in accordance with Paris MoU.	**Pre** **Low Risk**	**Post** **Low Risk**

Principal Risks and Uncertainties 2019

№	Description of risk	Summary of implications	Control/mitigating actions	Risk level pre- and post-mitigation	
13.	Environment Risk	Non-compliance with emissions and other environmental legislation and standards may result in financial loss and significant damage to our Company.	1. We are making comprehensive efforts in to mitigate emissions through initiatives to improve engine performance and hull and propulsion hydrodynamics, and to adopt fuel-efficient operational measures such as EnergoProfin; 2. All assigned SECA/DECA requirements are strictly followed by the managed fleet; 3. BWM matters are followed in the way of specific BWMP, USA extension letters; 4. Annual zero oil spill policy is maintained and achieved; 5. The Biofouling Management Plan, Ship Energy Efficiency Management Plan revisions; 6. MRV Plan development and implementation; 7. BWTS and EGCS evaluation; 8. VPS Bunker Alerts and software continuous employment; 9. Advanced preparation of Ship Specific Management Plan in accordance with provisional ICSS guidance (IMO 2020 Global Sulphur Limit).	**Pre** **Low Risk**	**Post** **Low Risk**
14.	Cyber Security	Failure of key IT systems, targeted attacks on Company system, or a breach of security could result in communications breakdown and business disruption.	1. Company IT department works closely with all departments to tailor effective IT systems, support, preventive and contingency measures; 2. Anti-virus programs on Google server/Company internal server/PCs are maintained on the latest version's status; 3. LISCR – Cyber & Ship Security Training Module DVD was circulated on all managed vessels.	**Pre** **High Risk**	**Post** **Low Risk**
15.	IT and communications	Loss of critical services and/or data resulting in the business being unable to operate for an extended period of time. Possible attacks that affect the organization due to poor security or employee awareness, malware or virus attacks.	1. Security data protection; 2. Relevant data backups; 3. Security Awareness Training.	**Pre** **Medium Risk**	**Post** **Low Risk**
16.	Stowaways	Detection of stowaways may result in financial losses /detention/off hire periods.	1. ISPS/guidance's on good practice are strictly followed; 2. Additional crew watches are maintained to control vessel accesses; 3. Specific ship search modules were developed for each ship; 4. Extra shore watchmen are strictly required but financial expenses may be involved.	**Pre** **High Risk**	**Post** **Low Risk**

Principal Risks and Uncertainties 2019

№	Description of risk	Summary of implications	Control/mitigating actions	Risk level pre- and post-mitigation	
17.	Piracy	Damage/loss of vessel Injury/death of crew in result of pirate attack.	1. ISPS/guidance's on good practice are strictly followed; 2. Additional crew watches are maintained to control vessel accesses; 3. Specific ship preparation before each HRA should be arranged by crew staff; 4. The registration of vessels at MSCHOA website; 5. BMP5 and GCPG requirements adherence; 6. The arrangement of Private Contracted Armed Security Personnel by Shipowners in line with the Flag requirements.	**Pre** **High Risk**	**Post** **Low Risk**

Notes

Staff Centre Shipmanagement Ltd.
3rd Floor, Sigurd Hall Business Centre,
54/23 Francuzskiy Boulevard
Odessa, 65009, Ukraine
Tel.: +380 487 34 00 65
Fax.: +380 487 34 00 64
E-mail: tech@staff-centre.com
www.staff-centre.com