INTERTANKO

VETTING SEMINAR

THE SCREENING PROCESS --

“WHAT YOU NEED TO KNOW”
INTERTANKO VETTING SEMINAR

• The screening process
• Tanker CP “Vetting” Clause
• Questions
THE SCREENING PROCESS
“WHAT YOU NEED TO KNOW”

“What you need to understand”

• THE PROCESS AND TECHNICAL ISSUES

• WHAT DRIVES OIL MAJORS AND OTHERS TO CARRY OUT VETTING AND WHAT THEY AIM TO ACHIEVE.
THE SCREENING PROCESS

“WHAT YOU NEED TO KNOW”

THE EFFORT THAT NEEDS TO BE EXPENDED ON VETTING TO MEET MY COMPANY’S BUSINESS OBJECTIVES.

• WHAT ARE MY BUSINESS OBJECTIVES?

• DO MY STAFF ALL UNDERSTAND THOSE OBJECTIVES AND WHAT LEVEL OF COMPANY PERFORMANCE IS NEEDED TO ACHIEVE THEM?

• DO MY CUSTOMERS CONSIDER MY OPERATION A GOOD RISK AND HOW DO THEY (OR I) ARRIVE AT THAT CONCLUSION?
What is Vetting?

• Process used by oil companies to assess acceptability of 3rd party vessels to carry their cargoes and/or call at their terminals
  - It is NOT a service to the shipping industry.

• Inspections, both SIRE and CDI, provide information on operation of vessel and effectiveness of operator’s management system as input to vetting assessment.
  - They are NOT the vetting review
Why do Oil Companies Vet Ships?

- Shipowner / operator is responsible for condition and operation of ship.

- Oil companies have had vetting organisations for approximately 25 years.

- Manage transportation risk:
  - risk = consequences x probability
  - risk = consequences x probability + public outrage

- Public outrage depends on where, what, who and why.
The Vetting Review - Typical Factors Considered

- TMSA submission
- SIRE Report
- Age
- CDI Report
- Vessel Age
- Market Intelligence
- Crew’s Experience
- Terminal Report
- Casualty Data
- Port State Detentions
- Manning/Management Changes
- Flag/Class Society Changes

Deficiencies Found
How Serious

Vetting Review
Decision
Yes/No
THE SCREENING PROCESS

“WHAT YOU NEED TO KNOW”

• WHY THE OIL MAJORS AND OTHER CHARTERERS CARRY OUT VETTING
  – ASK THEM OR HIRE TIM KNOWLES OR ME TO DO VETTING TRAINING
  – LEARN WHAT CHALLENGES THEY FACE, THEIR VETTING OBJECTIVE
  – WILL HELP YOU UNDERSTAND VETTING AND EFFORT YOUR COMPANY NEEDS TO PUT INTO VETTING INTERFACE

• HOW, TO SOME EXTENT, OIL MAJORS CARRY OUT VETTING PROCESS
  – ASK THEM
  – READ
    • INTERTANKO PUBLICATION “A GUIDE TO THE VETTING PROCESS”
    • OCIMF PUBLICATION “TANKER MANAGEMENT SELF ASSESSMENT”
    • SIRE GUIDELINES

DON'T FLICK THROUGH THEM

READ THEM!
THE SCREENING PROCESS

"WHAT YOU NEED TO KNOW"

- **WHAT DATA/INFORMATION OIL MAJORS NEED FROM YOU AND WHEN**
  (THERE IS NO FIXED REQUIREMENT AND INFORMATION WILL CHANGE DEPENDING ON OIL MAJOR CONCERNED)

- **WRITTEN**
  - PROVISION OF CORRECT FLEET DATA
  - COMPREHENSIVE RESPONSE TO INSPECTION OBSERVATIONS WHICH INCLUDES CORRECTIVE AND PREVENTIVE ACTIONS AND CLOSE-OUT
  - CAREFULLY WRITTEN EXPLANATIONS OF INCIDENT CAUSES, CORRECTIVE /PREVENTIVE ACTIONS.

- **MEETINGS**
  - MEET THEM ONLY WHEN THERE IS A CLEAR OBJECTIVE AND ONLY AFTER A COMPREHENSIVE MANAGEMENT REVIEW OF PURPOSE OF YOUR MEETING, WHO IS GOING AND WHY
  - WHEN MEETING YOUR CUSTOMER, PREPARE DATA CAREFULLY, CONDUCT BUSINESS AND LEAVE. THEY ARE NOT YOUR FRIENDS THEY ARE YOUR CUSTOMER!
  - ENSURE DATA PROVIDED IS HELPFUL (FUTURE DEVELOPMENT PLANS, IMPROVEMENT ACTIONS, SIGNIFICANT ORGANISATIONAL CHANGES, ETC)
  - MEET THEM WHEN THEY ASK YOU TO COME BUT ONLY IF YOU ARE READY
THE SCREENING PROCESS

“WHAT YOU NEED TO KNOW”

AN ACTION THAT WILL REALLY HELP

HONEST!

READ Tim Knowles’ BOOK
VETTING CLAUSE

- **CLAUSE IN TIME CHARTER THAT**
  - **USUALLY** **REQUIRES** “APPROVAL” **BY NAMED OIL MAJORS**
  - **OFTEN** **SPECIFIES A TIME PERIOD**
  - **OFTEN CONFUSES INSPECTIONS FOR VETTING**
  - **USUALLY CAN NOT BE COMPLIED WITH**
  - **MAY INCLUDE BOTH “APPROVAL” OF VESSEL AND MANAGER**

- **APPEARS TO BE USED MORE AND MORE TO PLACE VESSELS OFF-HIRE**
VETTING CLAUSE

- OMs ONLY VET FOR OWN BUSINESS NEEDS AND DO NOT PRE-APPROVE
  - Vetting clause is in conflict with OM practices
  - Vetting approval status only known on day ship is offered to oil major
VETTING CLAUSE

ACTION AN OPERATOR COULD/SHOULD TAKE

• FLEET MANAGEMENT MUST REVIEW CLAUSE AND NOT LEAVE IT TO COMMERCIAL
• ACCEPT VETTING (OR QUALITY?) CLAUSE IS NECESSARY SO PROPOSE REASONABLE WORDING
  – e.g. TIE IT TO TMSA CONFORMANCE OF A CERTAIN LEVEL
• GATHER EVIDENCE OF COMPLIANCE
  – TRACK CALLS AT OIL MAJOR TERMINALS
  – OBTAIN CONFIRMATION OF VETTING ACCEPTANCE
  – SEEK EXPLANATIONS TO VETTING REJECTIONS AND TAKE CORRECTIVE ACTION AND RECORD THE ACTIONS
• READ THE EXCELLENT INTERTANKO PUBLICATION “THE VETTING CLAUSE
  – A PRACTICAL GUIDE”
FINALLY

TANKER OPERATOR HAS NOT ONLY TO CARRY OUT GOOD QUALITY / SAFE OPERATIONS, THEY NEED TO “TELL”, DEMONSTRATE AND VERIFY THIS TO THEIR POTENTIAL CHARTERERS TO GAIN THEIR BUSINESS

• DETERMINE BUSINESS OBJECTIVES
• LEARN AND UNDERSTAND CHARTERERS’ QUALITY EXPECTATIONS
• INTEGRATE THESE TWO
• PUT IN PLACE SYSTEMS THAT MEET VETTING NEED
  – KNOWLEDGEABLE PEOPLE [VETTING GUIDANCE / TRAINING - HUDSON MARINE MANAGEMENT]
  – GOOD MEASUREMENT AND REVIEW SYSTEMS (HUDSON TMSALOGIX)

CONSIDER VETTING ACTIVITY AS A TOOL TO GAIN AND IMPROVE YOUR BUSINESS AND NOT A HURDLE TO BE CLAMBERED OVER!
ANY QUESTIONS
TOP 10 POINTERS TO VETTING SUCCESS

1. DO NOT POLLUTE
2. PROVIDE THE SERVICE YOUR CUSTOMER EXPECTS
3. DO NOT POLLUTE
4. PROVIDE THE SERVICE YOUR CUSTOMER EXPECTS
5. DO NOT POLLUTE
6. PROVIDE THE SERVICE YOUR CUSTOMER EXPECTS
7. DO NOT POLLUTE
8. PROVIDE THE SERVICE YOUR CUSTOMER EXPECTS
9. DO NOT POLLUTE
10. PROVIDE THE SERVICE YOUR CUSTOMER EXPECTS
TOP 10 POINTERS TO VETTING SUCCESS

1. Management understand link between vetting and achieving business objectives
2. Recognise OM vetting groups as a “CUSTOMER”
3. Approach vetting as an Opportunity not a hurdle
4. Management (fleet / commercial) need a broad understanding of vetting processes
5. Manage vetting chain from Customer (OM) through Commercial dept / Operations / Ship with frequent high level management reviews
6. Ensure Vetting Manager has full skills set for task (Not just a marine tech skill)
7. Identify individual responsibilities and hold those involved accountable
8. Ensure TMSA targets set, appropriately funded, resourced and achieved
9. Inspections - ensure tech management understand target observations = ZERO
10. Inspections are not same as vetting
11. Buy Tim’s book and read it!