# SEACON SHIPS MANAGEMENT (EUROPE) S.A.

## OCIMF - SIRE 2.0

Initial Experience & Commercial Implications (For Ship Finance)

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# PART·01

## BACKGROUND

# Background

Ship Inspection Report Program (SIRE 2.0) came into force 2nd September this year, as the first major update from OCIMF since SIRE beginning in 1993, with more than 4,000 ships registered under the SIRE programme, inspected on average every 6 months.

It is focused on the three factors – Hardware, procedures, and human competence (Interviewing additionally junior officers and ratings). Vessel inspections by charterers are a crucial part of tanker vetting that has effectively become every tanker owner's ticket to trade.

The process of vetting has become excessive for tanker owners as charterers insist on performing their own inspections, using their own individual criteria instead of accessing valid, standardized inspection reports already lodged in OCIMF's SIRE database.

Charterers, including traders and brokers, have to be encouraged to use the SIRE system in the spirit that it was created by the oil majors, and to drive down the number of inspections and associated costs. This means aiming for one inspection per ship every 6 months by an accredited inspector, the report of which will be used by any OCIMF member wanting to vet that ship.


# PART·02

## CHANGES-IMPLICATIONS

# Changes – Implications (1/3)

1

Previously, a 35 page inspection report revealed on average 5 findings per ship inspection, causing concerns among charterers. **Under SIRE 2.0, a 70 page inspection report may identify 20 findings per vessel and while this may become the new norm, it will require careful discussion and adaptation within the industry and especially the charterers, who are accustomed to a certain number of observations per vessel, and will suddenly see a significant increase.** Their reaction to this change remains uncertain.

2

SIRE 2.0 features a complex and extensive question library (1,600-pages) that is applicable to different ranks onboard. Each Question must be addressed using the designated response tools. The tools assigned to a single question may all lead to one or more negative observations. It is certain that many operators may find it difficult to defend their previously good performance records (KPIs).

When finding deficiencies in procedures or documents, inspectors will use **TMSA-based coding**, which allows a connection to be made between inspection observations and TMSA KPIs.

# Changes – Implications (2/3)

3

From the other side, Charterers by reviewing and accepting the extensive report with photographs are becoming more responsible for the vessel they are chartering. These reports are supposed to provide the information necessary to make informed risk-based assessments and vetting decisions ahead of engaging in a charter or issuing a terminal approval.

4

Are the Charterers who are screening a vetting report capable of understanding the criticality of each observation? Are they trained and capable of seeing behind the number of observations?

5

Additional cost/manpower will be needed by the Operators for the preparation of the new SIRE 2.0 inspection regime. A lot of documents have to be prepared and uploaded to OCIMF database and this needs time and effort. According to research, the additional average cost of the preparation and inspection is USD 30,000 per vessel, adding additional workload to crew.

# Changes – Implications (3/3)

6

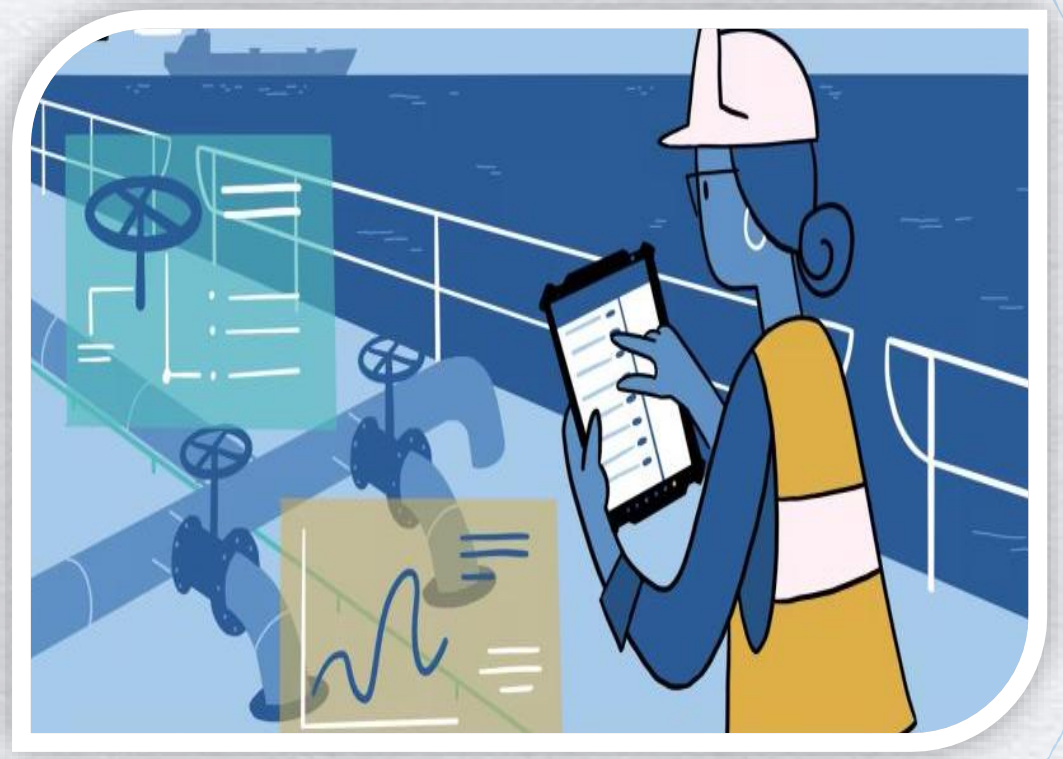
Another important issue is the training of the vetting inspectors on SIRE 2.0. This is a very delicate issue – SIRE 2.0 aims to eliminate the "**personal opinion**"of the inspectors by creating a clear framework and guidance for them. But from the various reports we have evaluated, it seems that this is not the case. We see inspectors without a good knowledge of the numerous requirements who are just ignoring basic rules and giving reports totally wrong. Of course, the Operator can challenge the findings but who dares to do so?

7

From the inspections conducted till now we see some trends that are not promising. How it is possible in 5 minutes to make a root cause analysis and talk about so difficult issues like the "human factors"? We must also note here that this revokes the basic rule of auditing i.e. the auditor just observes and not proposes.

8

From the other side what does the Operator have to do if you disagree with the inspector's superficial root cause analysis?



# PART·03

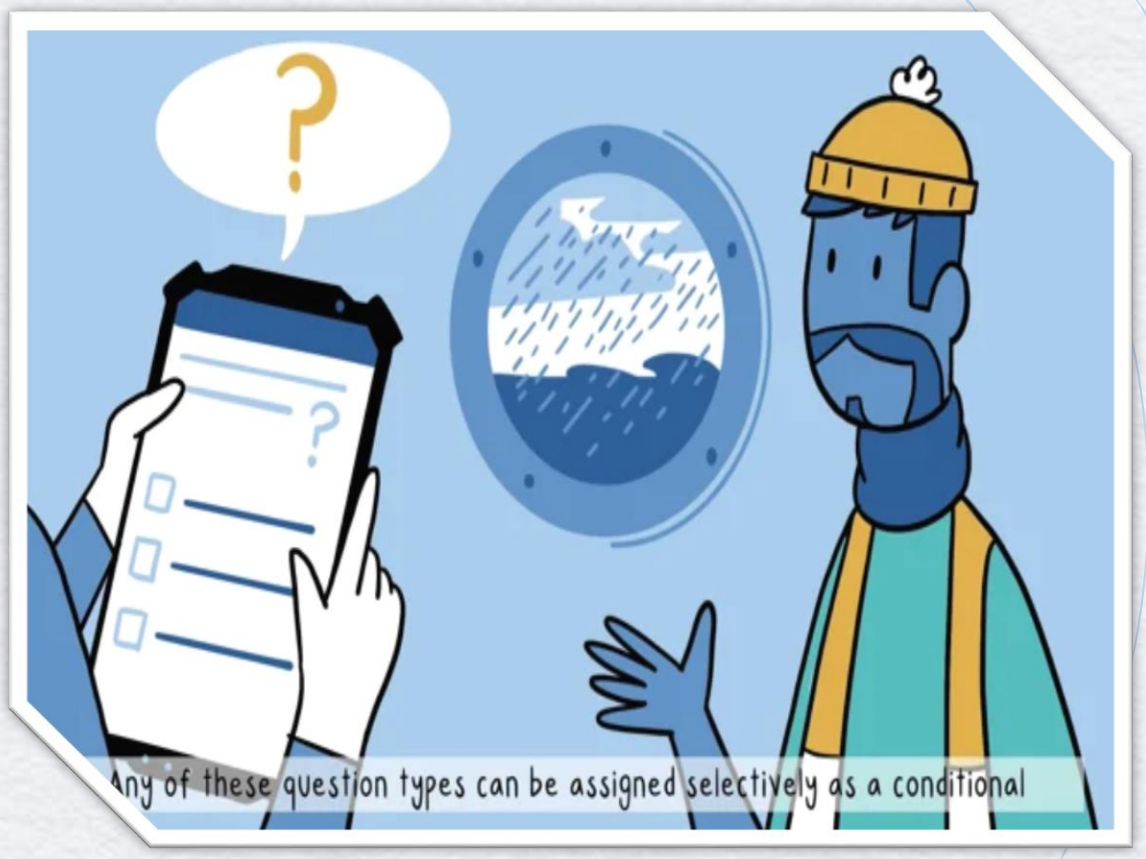
## DOCUMENTS REQUIRED

# Documents required

In the previous SIRE system, 2 documents had to be provided by the operator prior to inspection: An up-to-date harmonized vessel particulars questionnaire (HVPQ) and a crew matrix.

In SIRE 2.0, there are 4 additional documents needed for the pre-inspection element:

- Pre-inspection questionnaire (PIQ): An online questionnaire completed by the operator providing information about the vessel and supplementing HVPQ, including details of internal and external audits such as ISM audit, navigation audit, Incidents, etc.
- PSC Inspection Reports
- Certificates: The operator is required to upload copies of all the vessels' certificates and keep them up to update.
- Photographs: A representative and standardized set of photographs of the vessel must be uploaded. These must be refreshed at around 6-month intervals or when there is any modification to the vessel.




# PART·04

# CLASSIFICATION OF QUESTIONS

# Classification of Questions (1/2)

Based on the submitted data from the operators an algorithm is used to generate "CVIQ" (Compiled Vessel Inspection Questionnaire" during SIRE 2.0 inspection. Questions are designed to be relevant to different seafarers' ranks, including direct questions **for junior officers and ratings**, not just senior officers (Previous SIRE), aiming to ensure comprehensive knowledge and preparedness across all ranks covering these four key areas:

# Classification of Questions (2/2)

## Core

A minimum question set required to meet the fundamental risk (80% of CVIQ).

## Conditional

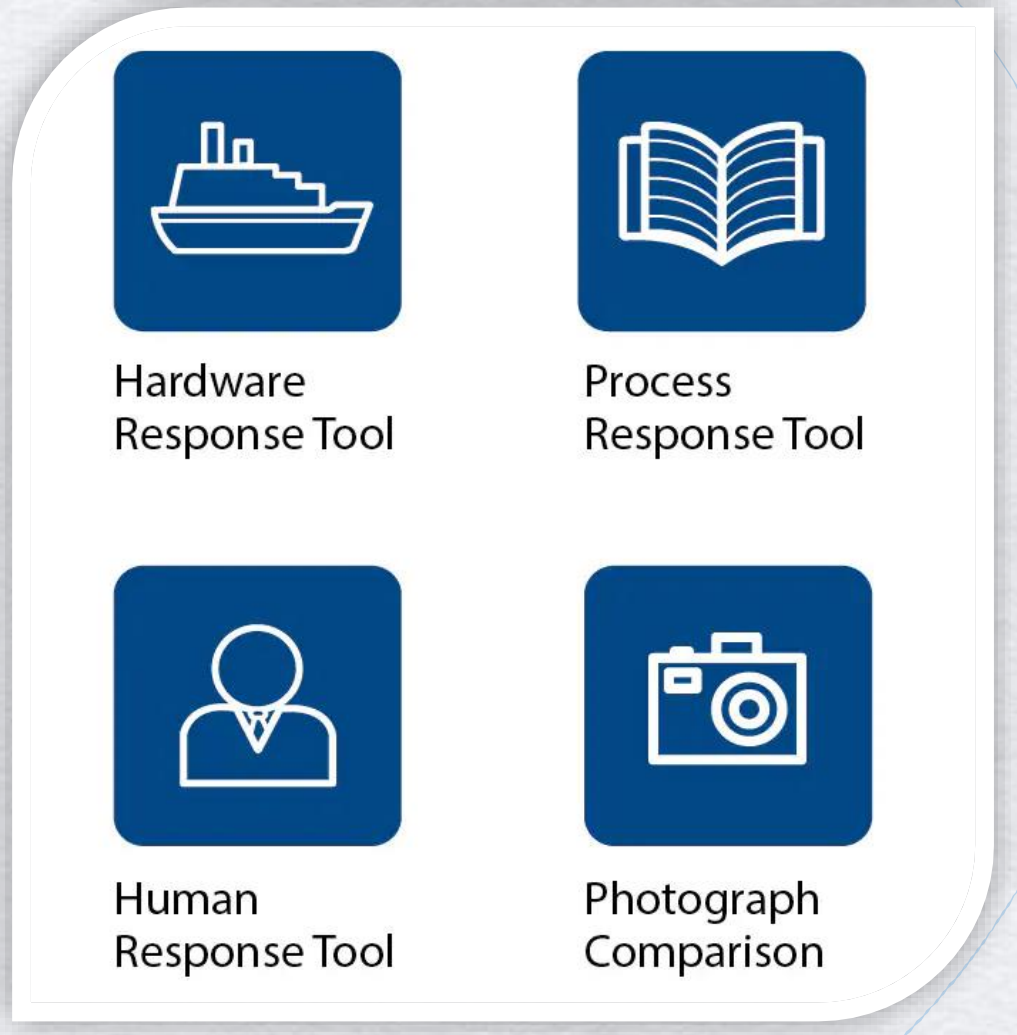
Vessel-specific questions based on available historical data on the vessel, its operator, or the ship type such as an aspect of the vessel's operational history.

## Rotational

Chosen through an algorithm (Rotational 1- every 3rd inspection, Rotational 2, - every 6th). These questions may be allocated over 3-4 inspections of the same vessel but the order can't be predicted.

## Campaign

Time-limited questions covering an area of specific focus in response to incidents or an industry trend.

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# PART·05

## INSPECTION ELEMENT STAGES

# Inspection Element Stages

The **pre-boarding phase**. The inspector will carry out a document review before boarding, by checking all 6 items submitted by the operator.

**The physical Inspection phase**. The time for onboard inspection is fixed at about **eight hours**. All the questions are allocated a period of time for the inspector to review the item in question and write their comments. Human and process deficiencies may be linked to the Company's TMSA submission. The onboard document review aims to confirm the PIQ data are correct.

**The Report phase**. The inspector must also validate the photos posted by the operator and **take their own photos, particularly for observations**. If the operator's photographs are not truly representative then the inspector may take a photo of the same scene and insert it in his report.

# The Report Element

This element requires the inspector to :

- Verify the accuracy of all information entered in the inspection editor
- Validate and Submit the inspection report to the SIRE report database

**The inspector will record any deficiency, defect, or non-compliance in the SIRE 2.0 Negative Observation Module. When finding deficiencies in procedures or documents, inspectors will use TMSA-based coding, which allows a connection to be made between inspection observations and TMSA KPIs.**

**Inspections will be conducted in digital format, in real-time, with inspectors completing the CVIQ using a tablet device. The tablet system will also record all interactions such as auto-logging of start and finish times and auto-submission of inspection reports via inbuilt GPS tracking.**

# What about the Human Element ?

Some seafarers are not used to be in a high-pressure situation when a third-party inspector starts questioning them, especially junior officers and ratings. The big change with SIRE 2.0 is the focus on the human element.

The big renovation in the SIRE regime will require additional adaptation in the vessel's technical operations. The requirements have become more specific, which means the normal technical operations of the vessels need to be adjusted.

This means that SIRE 2.0 inspectors must look deeper into a vessel's procedures to see if they are suitable for use by those who use them. That's why the operators must reduce the large volumes of text to clear, easy to use script. This is very important for operators to ensure that the policies and procedures in SMS are simplified, clear, relevant and usable by the crew they are intended for.


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# PART·06

## POSITIVE & NEGATIVE IMPLICATIONS

# Positive Implications


Ensuring that our crew are not only **compliant** but also **confident** and **competent** can reduce delays and improve inspection outcomes. This directly influences our scheduling and charterer relationships, highlighting the importance of investing in our people.

Compliance with SIRE 2.0 means investing in **continuous training**, supporting the **mental resilience** of our crew, but must be carefully managed to avoid overloading our personnel. In addition, the system must automatically verify and structure the data into a vessel‘s health report.

Charterers will increasingly look beyond just inspection reports—they will assess how well a vessel’s crew can **manage risks** and **handle unforeseen challenges**. Strong leadership and an empowered crew can become a commercial differentiator.

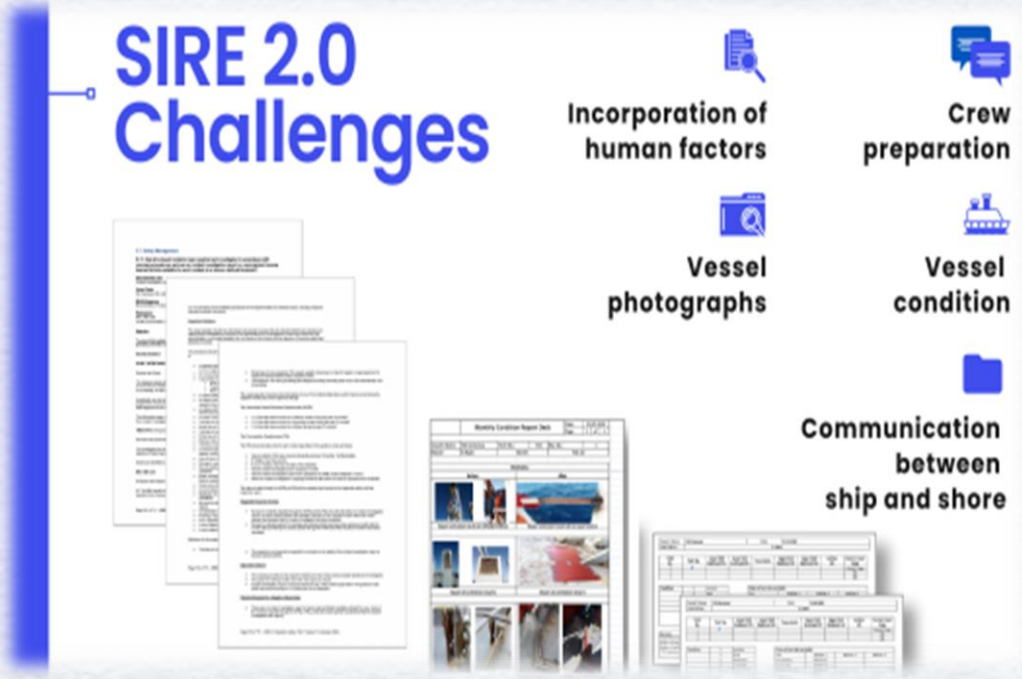
We believe that this way the industry will become more proactive, addressing trends and risks more effectively before incidents occur, as opposed to merely reacting to them.

# Negative Implications

Despite the structured approach, assessing human factors can still be **subjective**. Different inspectors may interpret crew performance and human interaction with systems differently, leading to inconsistent findings. This variability could result in discrepancies between inspections, which may confuse ship operators and charterers or create uncertainty about what is truly expected.

Under SIRE 2.0, the bulky inspection report with many findings and photographs will be causing concern among charterers make the vessel clearance more difficult, at least in the beginning.

Established organizations may face resistance from crew members and management accustomed to traditional inspection methods. This resistance can delay the successful adoption of the new framework.




# PART·07

## OPPORTUNITIES & CHALLENGES

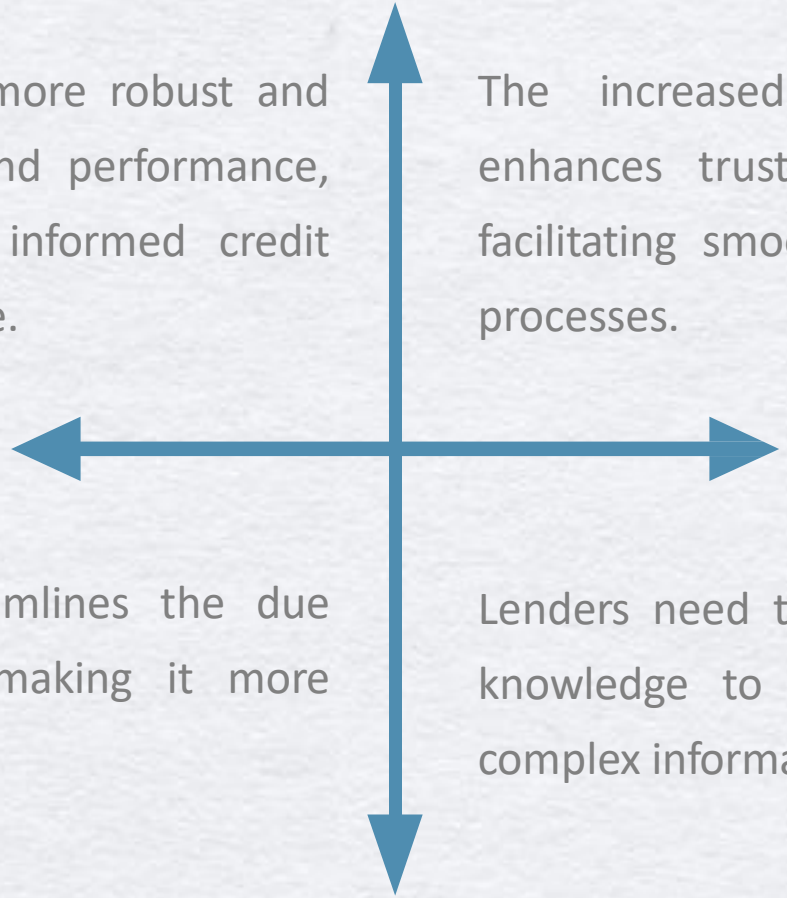
# Opportunities & Challenges for Ship Finance Institutions (1/2)

1

SIRE 2.0 provides lenders with more robust and reliable data on vessel safety and performance, enabling them to make more informed credit decisions and reduce risk exposure.

2

The increased transparency of the program enhances trust and confidence in the market, facilitating smoother and more efficient financing processes.



3

SIRE 2.0's digital platform streamlines the due diligence process for lenders, making it more efficient and cost-effective.

4

Lenders need to be equipped with the skills and knowledge to interpret the more detailed and complex information provided by SIRE 2.0 reports.

# Opportunities & Challenges for Ship Finance Institutions (2/2)

5

Higher inspection costs associated with SIRE 2.0 may impact the profitability of financing projects.

6

SIRE 2.0 reports may influence loan structuring and risk pricing, requiring lenders to adapt their risk assessment methodologies and lending criteria.

7

SIRE 2.0 is a positive development for the maritime industry and for ship finance in particular. It provides a robust and transparent platform for evaluating vessel safety and performance, which benefits all stakeholders.

8

**It is critical for ship finance institutions to actively engage with SIRE 2.0 and to adapt their practices to effectively utilize the program's data and insights. By embracing this evolution, we can contribute to a safer, more transparent, and more sustainable maritime finance ecosystem.**

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## OCIMF - SIRE 2.0

Thank you for your attention!