

Trading in the IHM-era

Risks, challenges and solutions – IHM-Maintenance from cradle to grave

Working efficiently, minimizing risks and costs as well as operating within the legal boundaries is the aim of each company. This doesn't apply to IHM-Maintenance so far. Why and how can it be solved?

According to EU Ship Recycling Regulation ships have to have a certified and maintained Inventory of Hazardous Materials contained in structure and equipment (IHM). This affects all ships above 500GT once visiting an EU-port or when being registered in EU. In future, when the Hong Kong Convention of IMO will enter into force, similar requirements will apply globally. The IHM shall help ship recyclers to plan the recycling process of a particular ships and meeting requirements on health & safety and environmental protection. It's a long ship' life till then with manifold changes, that's why the IHM has to be maintained. The maintained IHM has to be re-certified at least every five years. It's also subject to PSC-inspections in EU-ports and penalties of up to 200.000,- € and even imprisonment are possible, depending on the port state. Often no added value is seen in IHM-Maintenance and it's delegated to the cheapest option available.

The primary task for shipowners, or their service suppliers, is tracking hazardous materials onboard and to document related changes. This process starts with identifying the IHM-relevancy of order items. If done in a sophisticated manner this is less than 5% of all order items. For those product specific material declarations (MD) and suppliers' declaration of conformity (SDoC) are to be requested from the supplier. The MD specifies presence hazardous materials in products, around 99% are free of those but still an MD is required due to the products' IHM-relevancy). Only hazardous material containing products are to be reflected in the IHM (~0,05%) and changes onboard to be documented. Many suppliers are not in possession of required details and have to ask for those in their own supply chain. That's how an MD-request generates a chain of information and liability with various participants. Wrong declarations may lead to penalties of up to 50.000,- € for suppliers, in case of wilful misconduct or gross negligence it can be up 800.000,-€ plus compensation for further damages caused (EU-Supply Chain Act).

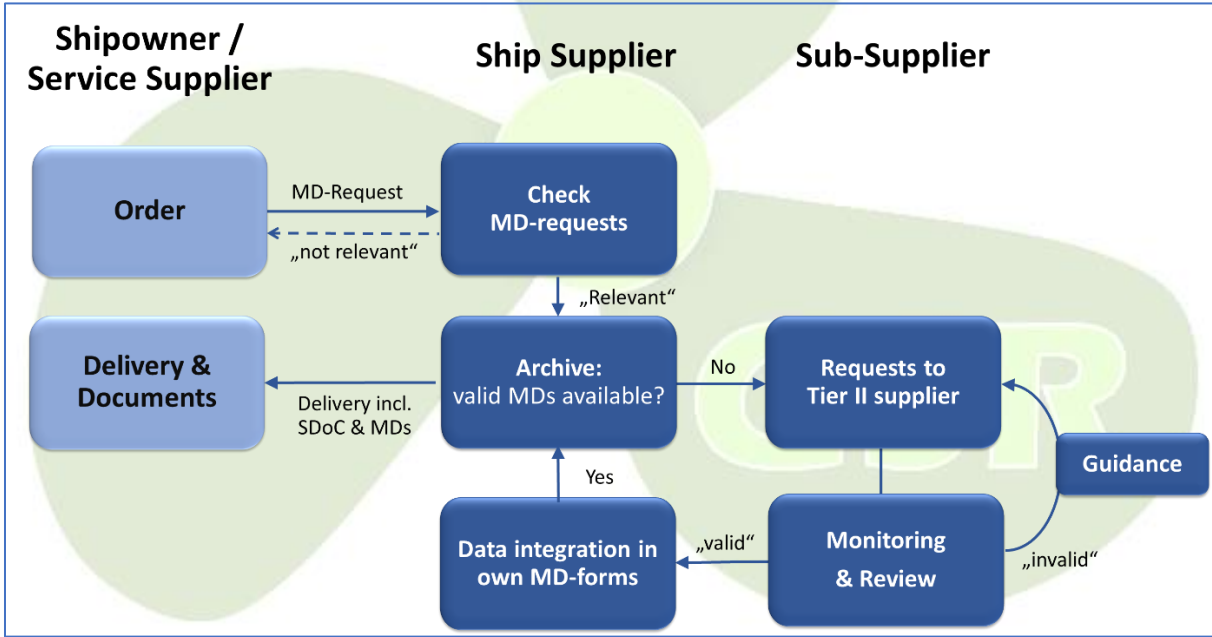
Current practices create a huge extra workload and risks. This has been acknowledged by e.g. ICS, BIMCO, Asian Shipowners Forum, ECSA and IACS who jointly state: *"Shipowners and service providers ... made MD requests ... in excess of what is required... . This has placed a considerable administrative burden on suppliers, and can make the maintenance of IHM by the owner significantly more complicated."*

That's either caused by lack of know how or cost cutting, on the side of shipowners or their service suppliers. These are often "IHM-Experts" who developed IHMs for existing ships on hand of inspection and taking of samples. The demand has decreased substantially since end of 2020. For IHM-Maintenance however the completely different approach of "Compliance Data Management" applies, which has nothing to do with the expertise of IHM-Experts. Still, those offer their services for IHM-Maintenance and generate, due to lack of relevancy checks a multitude of requests to suppliers. This reduces their liabilities and efforts and for coping with the huge number of requests they offer web-based converter platforms to suppliers for a small fee. Once the supplier has registered by inserting his details and uploading a signature, entire purchase orders are converted to dozens of separate MDs and a SDoC "in under a minute". Information from the supply chain is not requested or utilized in this process, but sub-suppliers are free to use this tool as well. Extreme care is required here as this obvious

quick fix poses the risk that hazardous materials are not documented and formally correct but content-wise false MDs are provided to customers. An MD has to be valid as long as the product exists onboard, the supplier remains similarly liable for information provided. Wrong MDs also falsify ship specific IHMs for which the shipowner is responsible. It should also be considered that unfulfilled MD-requests are to be documented in IHM-Maintenance reports. With too many requests the risk of generating imaginary gaps increases. During PSC inspections this can be seen as evidence for a non-functioning IHM-Maintenance.

On hand of two KPIs the efficiency of IHM-Maintenance can easily be judged. First it's the share of order items which are categorized as relevant. Then the comparison of requested versus received documents is a second important KPI. Be careful with the latter, there are cases where this KPI is based on a comparison of MDs received in related to entire purchase orders. Such KPIs are irritating and incorrect.

A professional approach reduces risks and efforts for shipowners and suppliers by carrying out a sophisticated relevancy checks for order items, related rules are complex. Specifically trained staff should take care of suppliers and guide them, this increases motivation and return ratio of documents requested. Received MDs are to be checked and clear tasks be provided to the ships in case hazardous materials are contained in a product. Due to the volume of documents an efficient software tool in the hands of experienced professionals is inevitable for ensuring a compliant IHM-documentation throughout the entire life of a ship. Avoiding unnecessary requests right from the beginning is key to efficiency and targeted compliance data management in IHM-Maintenance and development of MDs.



Europe and many other regions have significant maritime industries, from shipowners and managers to suppliers and manufacturers. Even though ship recycling often happens far away from Europe, compliance, CSR and ESG are not only buzz words, but more and more checked requirements which are to be complied with. Health, safety and environmental protection in ship recycling can only be achieved when correct IHM-data is generated and provided. Responsibilities, requirements and penalties are well defined. The right choice on who carries out this task plays a key role for safe and efficient compliance. Associated costs are to be related to risk reduction and cost-efficiency. Judging it requires a bit of time, that might feel cumbersome first, but it's well spent time and helps to relax.