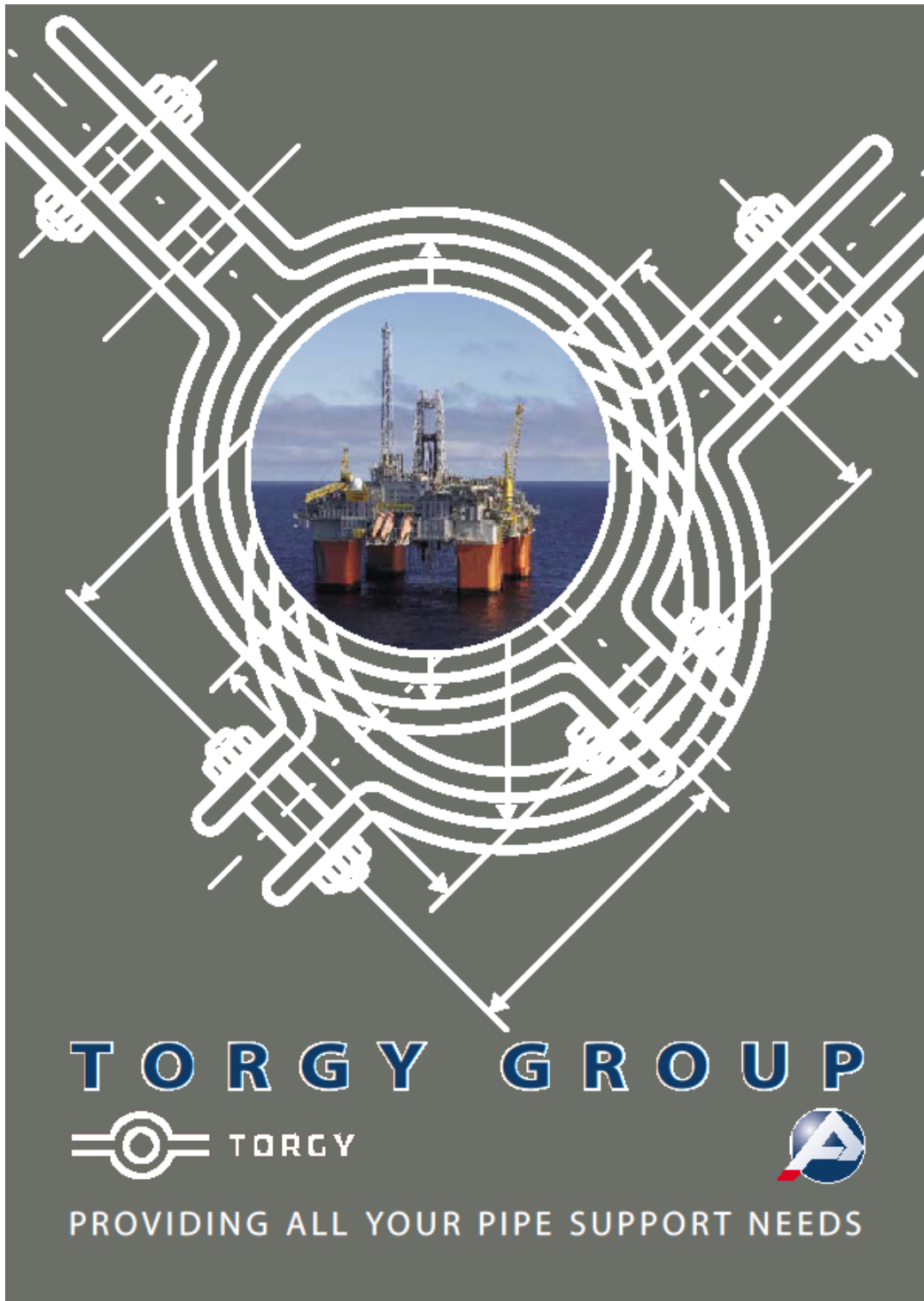


Quality and HES manual



Tønsberg 12th October 2009

Sven Halvorsen

Managing Director



QUALITY AND HES MANUAL

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10.001

Author:
Quality Manager

Approved by:
Managing director

Date:
12.10.09

Torgy Group - Introduction

Established in 1954, the Torgy Group is a leading supplier of all types of Pipe Supports, including Thermal Insulating (PUF) & Thermal Isolating (ASEplas), Pressure Vessels, to the Shipping, Worlds Oil & Gas projects.

Incorporating Norwegian based Torgy Mek and UK based Torgy Atlantic we have over 80 years experience and a combined annual turnover in excess of £12m.

Torgy Mek, is the market leader in the supply of pipe supports and cable clamping systems to the Norwegian Oil & Gas industry and has delivered to every major project in that sector, and has close working relationships with major operators in the sector.

Torgy Atlantic specializes in the design, manufacture & supply of Thermal Insulation Cryogenic and High Temperature Pipe Supports and Thermal Isolation Breaks for Hot & Cold process Pipelines & Vessels. Marketed under the Globally recognized Atplas & ASEplas brands, Atlantics' materials have been used in Piping & Vessel applications around the World for over 30 years.

Our portfolio includes PUF, and related fabrications required 'To Keep it all Together' for major LNG, LPG and similar projects around the World.

In addition to a full range of Pipe Supports, we will be featuring a total capability for the Design & Manufacture of Thermal Insulating & Isolating Cryogenic Pipe Supports, including High Density Polyurethane (PUF) and ASEplas (Atplas) materials. We have a full range of products and solutions for Isolating process temperatures from Vessel Platforms, Ladders & Structural Steelwork.

Torgy Vessel Solutions have more than 50 years of experience in design and supply of pressure vessels and solutions for the shipping and oil & gas industry.

Torgy Group has 30 years of unparalleled experience in the supply of Cryogenic Pipe Supports to Oil & Gas Projects around the World.

Of particular interest to Cryogenic Pipe Support Engineers will be our use of Finite Element Thermal & Stress Analysis used to facilitate optimum design solutions.

Vessel Engineers will be interested in our solutions for Thermal Isolation of Platforms Ladders & Structures.

Our cost effective manufacturing processes and locations and 'Local Content' Product Availability in different regions will be of particular interest to Purchasing Professionals.

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Company Aim and Policy

Quality Policy:

- In our company quality means that every delivery, whether internal or external shall comply with what is agreed.
- Follow up our sub-suppliers to ensure the clients and our requirements are met to receive the correct quality in time.
- All our interactions shall reflect quality in order to become the natural choice for our customers.
- By continuous improvements in all our processes we shall ensure that our customers choose to purchase products and services from us over and over again.
- Training and development of all personnel shall be prioritized.
- Measurements taken at regular intervals shall confirm that we are developing according to our quality policy and this shall ensure continual improvements in all processes.
- Comply with all laws and regulation.

HES Policy:

- Ensure highest priority regarding health and safety of personnel and on the protection of the environment.
- Comply with laws and regulations.
- We shall keep a positive dialogue with local authorities, neighbours and external stakeholders concerning the outside environment.
- Ensure that personnel are trained in HSE.
- Review and measure HSE performance for continual improvement.

Quality Objectives are based on following:

- Clients & Sales
- Economy
- Innovation and Improvement
- Production
- Quality & HES

The Quality and HES system and the organisation are constructed according to NS-EN ISO 9001:2008, NS-EN ISO 3834-2:2006, NS-EN ISO 14001 and the core processes which are central in making the product and services we offer.

For every process there is a dedicated responsible or a team committed to ensure that the processes are under supervision, control and continual improvement.

The Quality system has been implemented throughout the value chain – from supplier to customer and in all support functions. For every process there is a dedicated responsible or a team committed to ensure that the processes are under supervision, control and continual improvement.

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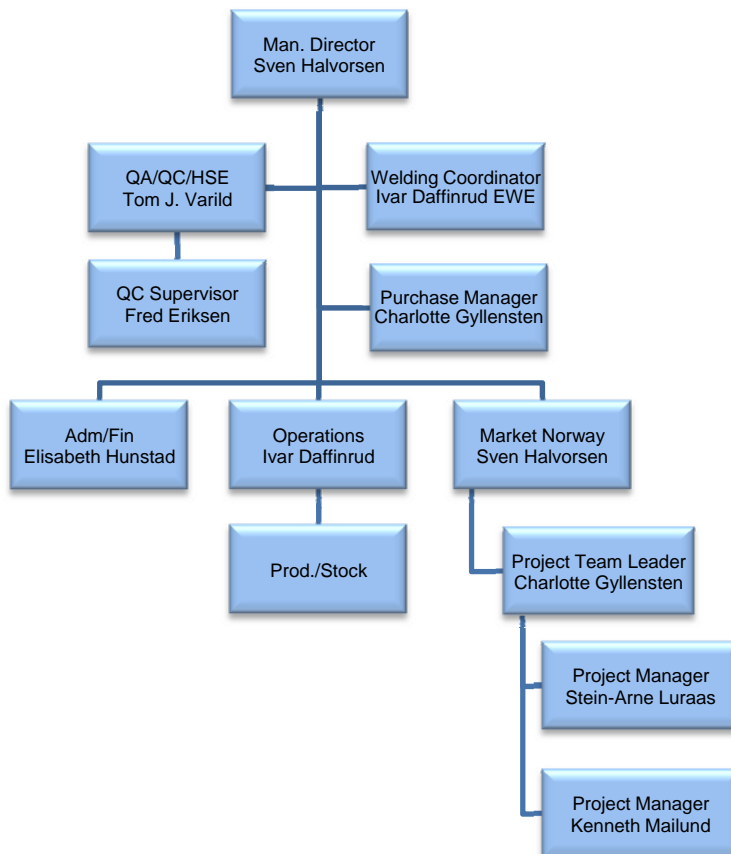
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Organisation

Torgy Group is a process oriented organization based on the core processes of our business. Management and personnel responsibility is organized in a structured hierarchy as seen from the charts below.

Responsibility and Authority – Organisation Chart

Torgy Mek Industri AS:



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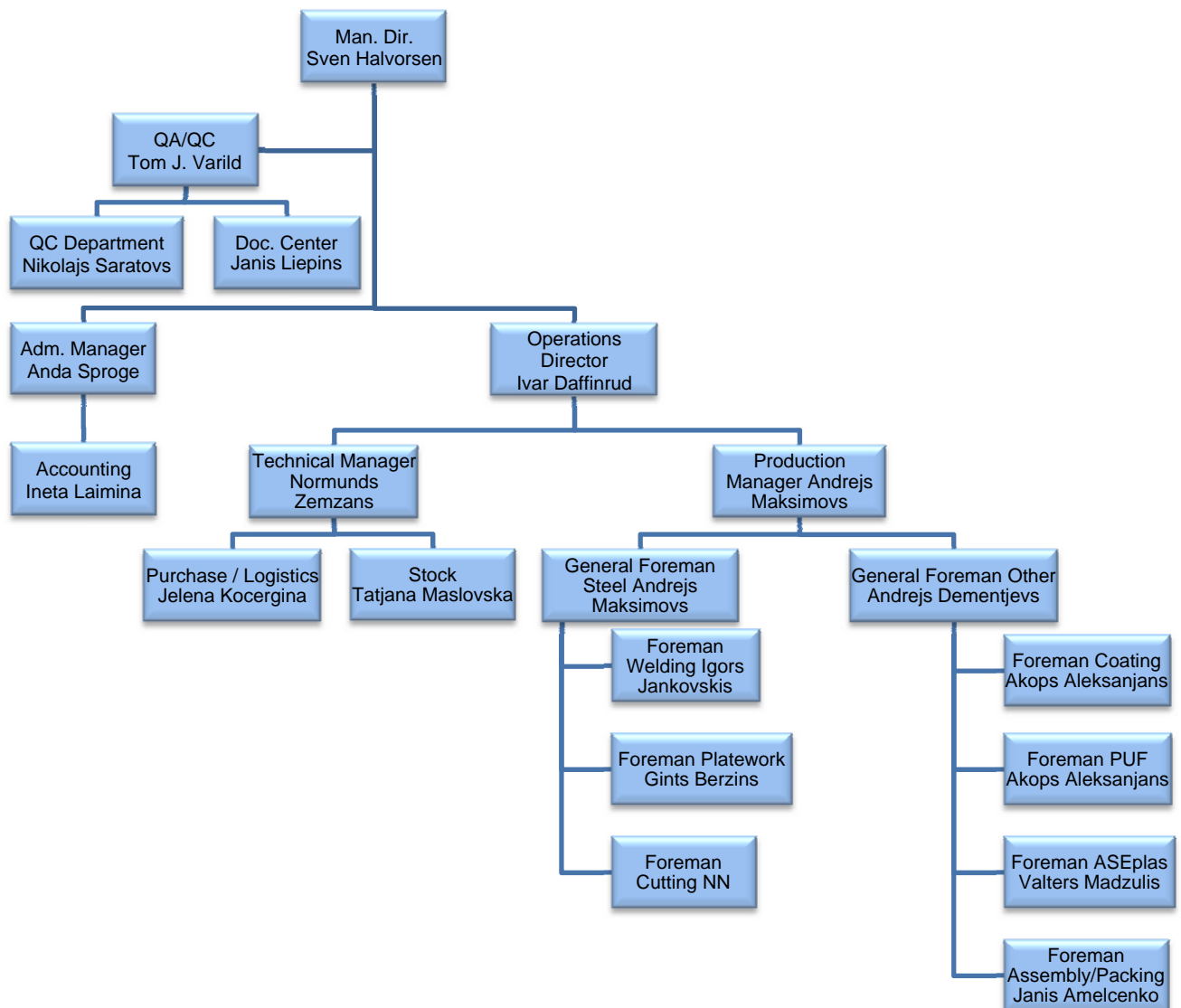
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Torgy Baltic SIA:



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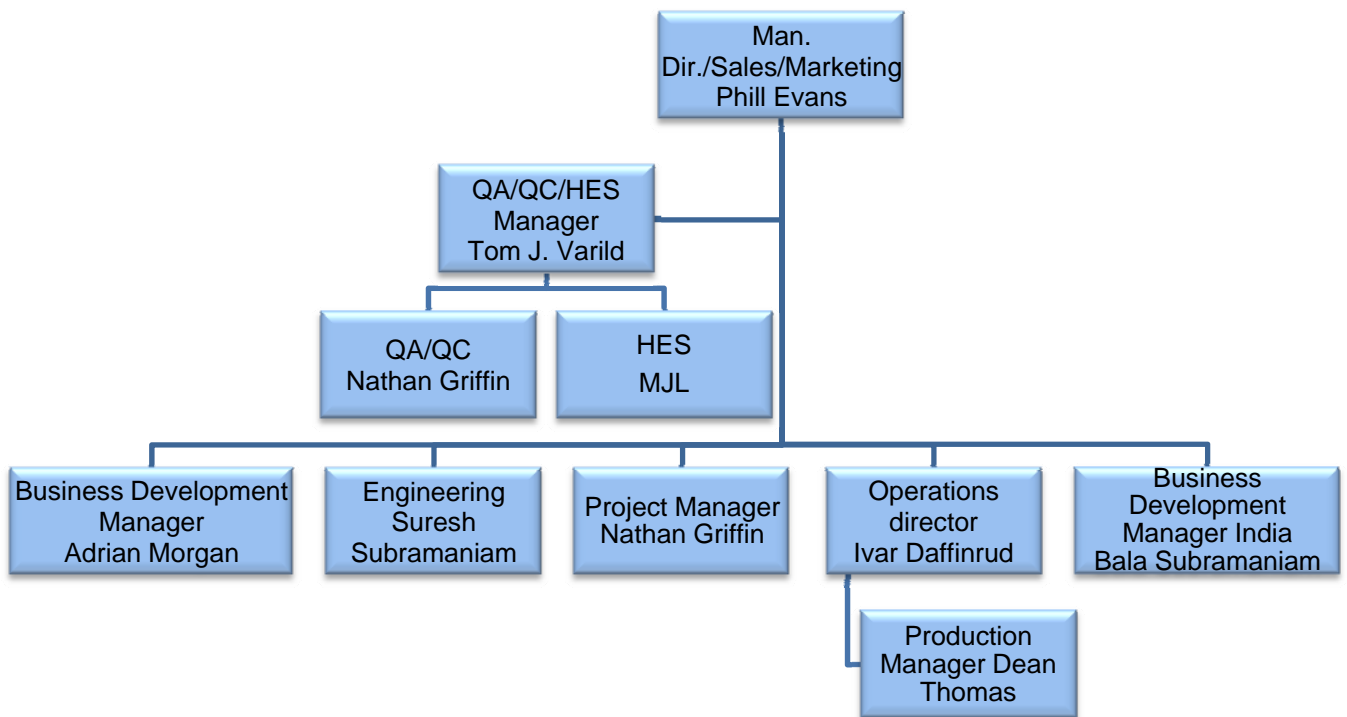
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Torgy Atlantic LTD:



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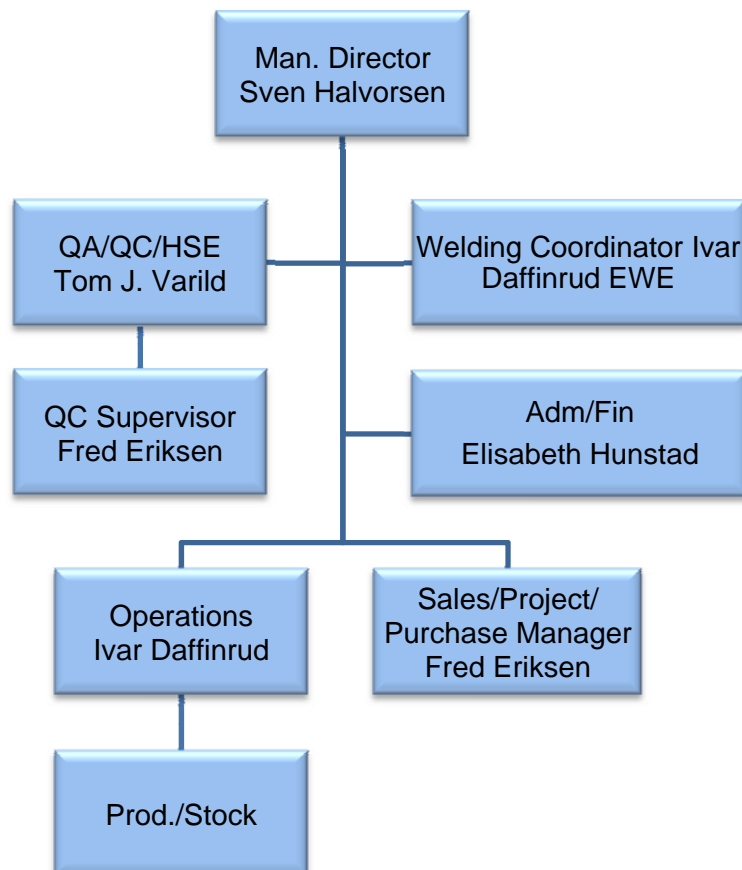
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Torgy Vessel Solutions:



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Process map

Following is a map showing how the processes impacts on each other in Torgy Group.



Main Processes



Main Processes

Market and Sales process

The marketing processes shall ensure that the products and services supplied by the company are marketed in such a way that the demands are met according to the business plan.

The marketing process shall develop marketing plans to support the execution of the strategy plans, perform customer feedback reviews, which will be used for improvements, and make necessary product data sheets etc.

The sales organisation is responsible for inquiries, offers and sales processes. For project deliveries, sales organisation is responsible for hand-over from tender to project execution.

The Sales process is responsible for the functioning of the order system and the methods and procedures which are used for inquires and offers.

The customer support process shall ensure that customers received adequate technical support for products and services delivered by the company.

The customer support function is in principle a helpdesk with requirements to availability that is natural for such functions. This will be undertaken by the services department.

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Engineering

This process includes:

- Production drawings
- Product development
- Thermal analyses
- Client contact
- Documentation

The process responsible participates in all process teams within the main processes to ensure optimal flow of products and minimum logistic cost.

Projects

This process includes:

- Project management
- Planning
- Coordination
- Client contact
- Project follow up
- Documentation

The process responsible participates in all process teams within the main processes to ensure optimal flow of products and minimum logistic cost.

Purchase - Procurement

This process includes:

- In warehouse and quality assurance of input/output
- Vendor Assessment
- Material storage
- Receive of materials
- Documentation

The process responsible participates in all process teams within the main processes to ensure optimal flow of products and minimum logistic cost.

Production

This process includes:

- Production planning
- Control with special processes
- Follow up / Coordination
- Control/compliance with requirements

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- Documentation
- Reporting

Production includes following special processes:

- Cold forming
- Welding
- PUF moulding
- ASEplas moulding
- ASEplas casting
- Painting

Supporting Processes

Management

General

The vision, goals and interests of the share-holders shall set the foundation for the rule of business, ethics and morals by which the company shall comply.

The business plan is the governing document which the company's management with its organization shall convert into business reality.

In this process model, the business plan describes the top level goals which must be redefined to suit the individual processes including financial results.

Management process

The processes connected to management are:

- Goals and strategy process
- Budgeting
- Organization and management of processes
- Competence development
- Continuous improvement
- Customer satisfaction reviews

Goals and strategy process

This activity is performed yearly by the broad in cooperation with the General Manager and the management group. The result from this process is the development of company short and long term goals and other related processes.

The owners and the board meet once a year with the General Manager to perform the process of renewing the business plan and set the overriding business goals for the company.

The management group shall participate in this process to ensure ownership of all goals set forth for the company.

The result from this process is the business plan and new process goals for the upcoming year.

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Budgeting

Next year's budget is made based on information on marked development and the goals and expectations which are reflected in the company's business and strategy plans.

Organization and management of processes

This process is performed at the same time and in parallel to the strategy and budgeting processes. The result of this process is a plan for the next years competence building based on identified needs and planned training.

Everyone with personnel responsibility shall give input to this plan based on identified competence needs and information though annual review meeting with each employee.

Continuous improvement

The process of continuous improvement is the responsibility of the management team. This task shall be understood as important and the dynamics of constant searching for improvements must not slow down. For every year, feedback must be given to the personnel dealing with the budget to identify cost and resource allocation needed for this process. Constant surveillance of both resource allocation and investments shall be included in the budget process.

Cost of Quality Manager's activities, certification of 3rd parties and costs for individual process improvements shall be identifiable in the budget.

Quality and HES

This contains several processes connected to Quality and HES:

- Quality and HES processes for continuous improvements
- Auditing processes
- Support function to overall organization with respect to Quality and HES
- System responsible for systems and methods for Quality Assurance and Quality Control
- Warranty claims and customer feedback processes
- Maintenance of certification according to ISO 9001:2008 and NS-EN ISO 3834-2:2006

Quality and HES improvement process

In this process everyone within the company must give input. The Quality and HES improvement process must ensure that everyone is involved and participate.

Improvement activities suitable for the task shall be set up whenever beneficial for the particular process.

The total result from the improvement processes shall be measured and summed-up to verify achievement of the overriding goals of the company.

Auditing process

The auditing process shall include both internal and external audits which are being executed to verify that the company and its suppliers comply with the demands and goals put forward by the company.

Auditing activities shall comprise of the following:

- Verify that ISO 9001:2008 and other relevant standards are complied with

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- Verify that quality documentation is followed
- Verify that the systems for Quality and Environment is suited for the company's many activities
- Identify areas for potential improvement
- Verify that supplier comply to company's minimum level of Quality and Environmental aspects

Data Analysis

Customer Satisfaction

Compliance to product specification

Trends for processes and products, potential preventive actions

Suppliers

Administrative Process

This is a group of support functions/processes which shall ensure administration and personnel-monitoring which is not covered within the scope of the process responsible.

These processes are:

- Human Resource function (recruitment, terminations)
- Insurance
- Salaries and benefits
- Pensions
- Switchboard
- Postal activities
- Office stationary
- Finance and cost control function

These activities are grouped into one administrative process with relevant goals at activity and process level.

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Quality and HES System

The Quality and Environment system is organized according to the company process organization chart. An overriding Quality Manual is made which describes the company, organization, processes and the Quality and Environment system.

The hierarchy of the Quality and Environment system including the governing documentation is shown below.



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Level 1, Management

On this level is placed the top level governing documentation:

- Company policies
- Company strategy document
- Company business plan

Level 2, Quality Manual

The Quality and HES Manual consists of:

- Company description
- Policies
- Process descriptions

Level 3, Processes

Level 3 consists of process documentation:

- Process organization chart
- Overview of procedures for all processes
- Functional descriptions for each process responsible

The documentation describing the above processes is included in the Quality and HES Manual.

Level 4, Procedures, guides checklists

At this level the operating procedures, guides and checklists necessary for the guidance and control of the company's processes and activities are placed:

- Guides
- Operating procedure
- Checklists

Standard forms and layouts



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Resource allocation

Resources

Resource allocation includes both long term manning according to the strategy document and daily resource allocation in relation to base organisation and current project commitments.

A resource allocation plan is made to control personnel resources needed for day-to-day operations and ongoing projects.

Infrastructure

There has not been made dedicated procedures to control infrastructure within the company.

The necessary infrastructure needed to ensure that products are manufactured, transported, installed and maintained is taken care of within the framework of project execution.

The responsibility for the infrastructure needed to maintain office and support functions such as IT, tool and systems is placed with MD in connection with the daily running of the company.

Change history

Edition:	Information:	Date:
1	First issue	15.02.05
2	Torgy Baltic incorporated	14.03.06
3	Exclusion from the standard section 7.3 described	10.10.06
4	Organisation re-structures	20.01.07
5	Organisation re-structures	19.08.08
6	New presentation	12.10.09
7	New organisation info	06.12.10