

# MANAGEMENT SYSTEM MANUAL

**Scope of the management system: Oil-, chemistry-, gas-, marine and energy industry equipment development, production and sales**



Suursõjamäe 12A  
11415 Tallinn, Estonia  
Phone: +372 5383352  
e-mail: [info@heavyindustry.eu](mailto:info@heavyindustry.eu)

Bank: LHV Pank AS  
EE167700771001596787  
Reg no. 12869341  
VAT no. EE101801153

## Table of contents

1. Organization overview .....	2
2. Policies and goals .....	4
3. Structure and responsibilities .....	6
4. Quality, environmental, occupational safety & health assurance principles.....	7
5. Implementation of quality, environmental and occupational safety & health assurance principles .....	7
5.1 Management processes.....	8
5.2 Core processes .....	9
5.3 Supporting processes .....	9
6. Project management system .....	11

The purpose of this Manual is to give an overview of the Company's existing management system. The management system that has been implemented covers the whole operations of the organization and is designed to meet the needs of all stakeholders of the Company. The Company's management system is based on ISO 9001:2015, ISO 3834-2:2005, ISO 14001:2015 and OHSAS 18001:2007 standards, on customer requirements and on other relevant international standards. The Management System Manual is updated by the Quality Manager. The Manual will be reviewed at least once per year.

## 1. Organization overview

AS E-Profiil was established in 1997. From 1999, the company focused on production of steel structures – containers, chimneys, conveyors etc. After the company had successfully fulfilled its

first large-scale offshore contract for the containers of large volume, it focused entirely on contracting for offshore, oil and gas industry. The company has increased its production volumes from 2 million euros back in 2004 to approximately 25 million euros in 2015. The organisation exports more than 99 % of its production. The number of people employed has jumped from 34 people to 249. Over the last couple of years, we've been concentrating on production of large and complicated *offshore* products. Our main clients represent the largest leading technology sector companies from all over the world, for example, National Oilwell Varco, Cargotec / MacGregor, Technip, Cameron etc.

Since 2005, E-Profiil has been operating in production premises of 15,000 m<sup>2</sup> in Tallinn. Our works represent one of the largest production units in the Baltic states and the equipment that we use is unique in this geographic location. In 2013, we opened the first stage of fitting and assembly plant in Paldiski that supports the goal of the company: compliance with turn-key project principle. The company owns sector-specific know-how and over the years, the management system has been developed to a level that grants a competitive edge. Over the last years, the company has invested approximately 8 million euros into equipment. Our plan 2016, to develop a system of planning that takes into account the norms and efficiency and development/ implementation of the work order of production.

The extensive expertise of our specialists combined with our production machinery enables us to offer an excellent service at competitive prices and deliver by agreed deadlines.

We are concentrated on production of oil-, chemistry-, gas-, marine-, energy industry and infrastructure equipment. Below is a list of some of our main customers and product types:

Oil- and Gas industry cranes, winch systems and balancing systems	National Oilwell Varco Norway AS (Norway), Cargotec Group AS (Norway), Kenz-Figee (Holland), Scana Offshore Vestby AS (Norway)
Energy sector equipment	Andritz Hydro (Germany), Eleon (Estonia)
Oil- and Gas industry equipment	Technip Norway (Norway); Cameron, A Schlumberger Company (Norway)
Marine equipment	ABB OY (Finland), TTS Marine AB (Sweden)
Infrastructure equipment	M.Rautio OY (Finland); Kalmar, Cargotec Finland OY (Finland)

### **Mission**

The mission of E-Profiil is to be a reliable supplier of equipment for the *offshore* and energy sector, whose success is based on service quality, the competence of employees and a high business culture.

### **Vision**

The vision of E-Profiil is to become the preferred worldwide business partner for the *offshore* and energy sector by offering the best service and quality. Our main competitive advantage is on-time delivery, flexible pricing and modern production systems.

## 2. Policies and goals

The Company's rapid growth and development, structural and organizational changes and the objective to ensure operational efficiency in the current business situation has triggered the need to create programs for assuring the quality of general management in the field of management of quality (ISO 9001), welding quality (ISO 3834-2), occupational health and safety (OHSAS 18001), information (Microsoft NAV) and productivity (E-Motor – Lean Production).

The objective is to create programs that are relevant to the Company and its production profile and can be implemented rapidly. The programs must cover and address the Company's following business areas:

- Management of changes and creating the commonly understandable goals and principles;
- Increasing the efficiency by cleaning and organizing the workplaces (office, production);
- Maintenance of equipment and machinery, total productive maintenance system implementation;
- Quality assurance in all processes (including production, supporting processes); implementation of corrective and preventive actions;
- Eliminating the waste in everyday work (time, material, information, repetitive and unnecessary activities/processes, etc);
- Monitoring, controlling and increasing productivity;
- Developing the production planning system by assuring the flexibility;
- Development of co-operation within the organization: every unit is another unit's customer and supplier.

In a broader sense, these programs must involve all the activities of the whole organization, enable to achieve business and strategic goals, maintain sustainable profitability and strong competitiveness and to create an environment of continuous improvement within the organization. The implementation of above mentioned programs is supporting the organizational goals.

### Quality, environmental, health & safety policies:

- **We have zero tolerance policy for non-conformities**
- **Cooperation & continuous improvement**
- **Optimal use of resources**
- **Safe and secure working environment and prevention of environmental pollution**
- **Following the legal and other requirements**

### Principles to achieve quality goals:

1. We are not producing, but we are offering the service. Quality assurance is essential for us.
2. Every next step/operation/procedure is CUSTOMER – it means that non-conformities are not accepted nor forwarded to the next step/process/person. Non-conformity is not only the non-conforming product but includes also all process non-conformities.

3. Quality requirements are built in processes - work descriptions/standard procedures include the activities for quality assurance. We prevent the situation where employees depend on the quality control activities and we will turn these activities into quality assurance - product/activity quality control conducted by every employee. Quality surveyor/controller is controller-trainer.
4. We are using the etalons/standards and calibers to achieve the accuracy of measurements.

Principles to achieve environmental goals:

1. We use materials in a sustainable way and take it into account also when ordering the materials.
2. We implement methods for minimizing energy loss during production processes. We analyze our activities to minimize the waste and where possible, recycle.
3. When developing the technology and processes we take into account possible environmental impact.
4. Through continuous quality control we assure the minimization of possible natural disasters at the end user's place.

Principles to achieve health & safety and environmental goals:

1. We create a safe and secure work environment for all employees and business partners.
2. We provide and maintain safe working tools and instruments for employees.
3. We follow continuously work environment and environmental conditions to discover in timely manner possible hazards and plan the activities to eliminating these hazards. We regularly analyze work environment in order to minimize the occurrence of possible work accidents, health injuries and environmental pollutions.
4. We make efforts to eliminate any risk and prevent any event that could cause injuries, health disorders or damage to company's property or environment.

Principles of cooperation and continuous improvement:

1. We enhance the awareness of employees about quality, environment and health & safety through continuous training.
2. The management team provides for the necessary resources to ensure the fulfillment of legislative requirements and requirements of interested parties.
3. We select as our business partners companies that share similar working principles with us.
4. We create a team for eliminating non-conformities that has the right to stop production and processes immediately. All non-conformities are registered, the causes are analyzed and the corrective actions determined together with employees who are connected with the non-conformity. Preventive actions are implemented in the whole organization.
5. We are reviewing the efficiency of our activities on a regular basis, implementing the activities for the improvement and minimization of environmental impacts.

Principles of following the legal and other requirements:

We are following the validity of the legal requirements, customer requirements and other regulations on regular basis and assessing the compliance of our activities to legal requirements.

The policy is available for all employees, business partners and other interested parties. The management reviews the policy at least once a year, taking into account amendments in legislation and the company’s changing needs.

The policy and objectives are introduced to all employees through internal trainings and meetings. Members of the Management Team are responsible for introducing and updating the policy and goals.

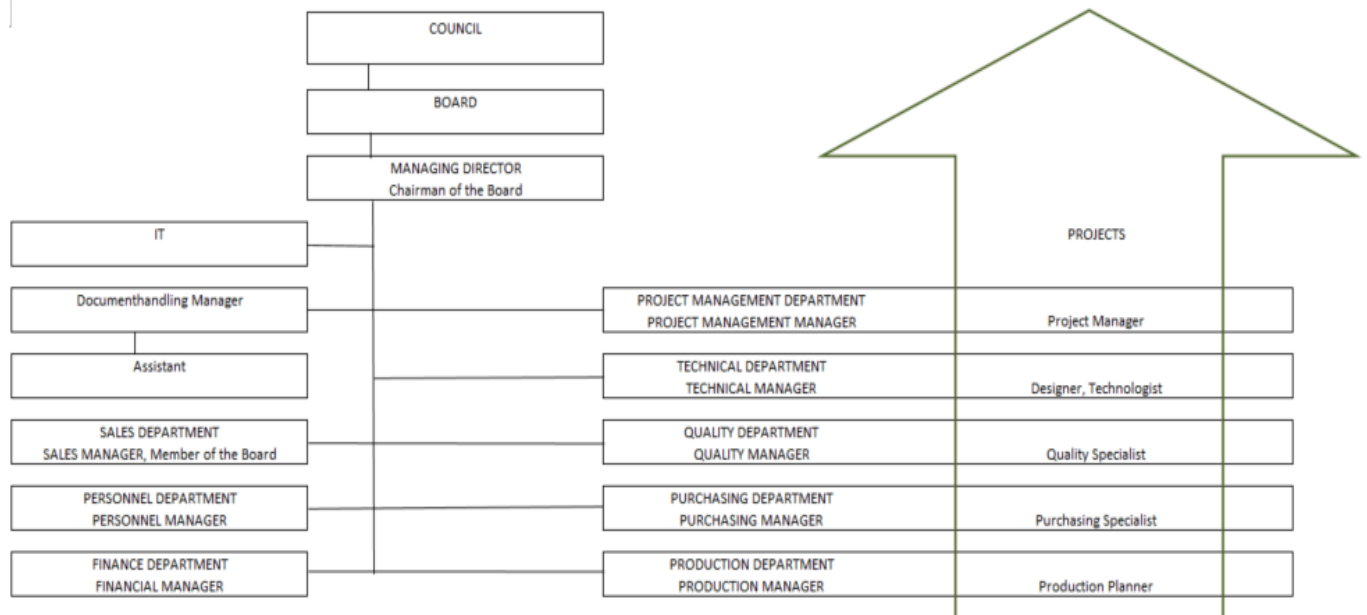
### 3. Structure and responsibilities

Top management is responsible for setting the policies, goals and targets; dividing the responsibilities and assuring the necessary resources for quality assurance. The top management performs management reviews on a regular basis to assess the efficiency of the implemented management system and to underline corrective and preventive actions.

The management is responsible for quality management systems, environmental management and occupational health and safety for the operation of the company.

The detailed duties, responsibilities, and tasks are described in job descriptions. Quality and occupational health and safety assurance as well as the minimizing the environmental impacts in everyday work is the responsibility of every employee in organization.

The Company has implemented a matrix organizational structure:



## **4. Quality, environmental and occupational health and safety assurance principles**

### **The motto of AS E-Profiil: WE ARE NOT MANUFACTURERS, WE ARE SERVICE PROVIDERS!**

#### **We are committed to creating a safe and secure work environment!**

The principles described above set notably higher quality requirements for our everyday work and for planning of development activities.

The Quality Management System that has been implemented assures the fulfillment of customer requirements and expectations; requirements of international standards and achievement of organizational goals.

The documentation of the Management System is divided as follows:

- Management System Manual (KK) – gives an overview of the system
- Procedures (P) – describes how, by whom and when to implement activities
- Instructions (J) – describes in more detail how to implement part of the activity/system
- Records – providing the evidence of the implementation of the management system
- Standards, regulations – used as guidelines for everyday work

The organization carries out regular assessments of conformity of operations with the requirements of environmental, occupational health and safety legislation.

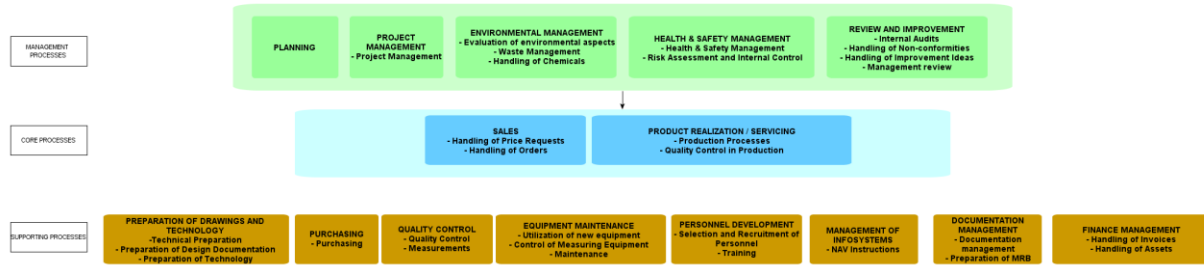
The Quality Manager is responsible for development and implementation of the Management System.

## **5. Quality, environmental and occupational health and safety assurance principles implementation**

During the product/service development phase, the quality and occupational health and safety assurance principles as well as possibilities of minimizing the environmental impacts defined. The whole production process is implemented according to the project management system, setting out project phases, quality control at the end of each significant phase, review of the results and agreements with customers.

We are following customer requirements in every project stage and customers are free to observe and audit the whole production process.

The overview of the implemented procedures within our Management System is provided in the following scheme:



All instructions are available for employees through computer network and employees can participate in the development of processes through meetings and internal audits. All approved and valid documents are registered in the Document Master List. The objectives of the management system processes and responsible employees are described in following section.

## 5.1 Management processes

### **Planning – CEO is the process owner**

A goal of the planning process is to plan the Company’s activities in such a way which ensures that required products are delivered to clients in a timely manner and the Company’s resources are distributed effectively, thus ensuring a cash flow required for the Company’s operations and its short- and long-term capacity.

### **Project management – Head of Project Management Department is the process owner**

A goal of project management is to ensure a smooth management of projects in accordance with clients’ requirements, allocated resources and objectives of the Company. Project management covers the management, planning, monitoring and analysis of projects, providing clients as well as project teams with updated information.

### **Environmental management – Safety Manager is the process owner**

A goal of environmental management processes is to ascertain environmental impacts of the Company’s activities and find ways to reduce such impacts. Significant environmental aspects are taken into account when setting environmental objectives and developing an environmental management plan.

The Company’s goal is to optimise generation of waste and increase the share of recyclable materials. Chemicals are handled in compliance with legal requirements to ensure the safety of employees and the environment.

### **Occupational safety management – Working Environment Specialist is the process owner**

A goal of the occupational safety management process is to reduce the number of traumas and ensure that working environment complies with legal requirements. Instruction of employees has been implemented to reduce health risks for both employees and visitors. A regular determination of risks, assessments of risks and internal controls (including monitoring of working environment parameters) as well as measures to reduce risks in working environment through corresponding action plans have been implemented throughout the organisation.



We have identified possible emergencies, determined their prevention possibilities and actions in the case of an emergency. A regular review of procedures ensures that employees are ready to act in various emergencies and possible health hazards are reduced.

**Review and improvement – CEO is the process owner**

A goal of the review and improvement process is to ensure a continuing running of processes in accordance with the established rules, employee awareness of achieved results and implementation of corrective actions in the management system based on the analysis of deviations. The Company has implemented regular internal audits, reviews of non-conformities and identification of corrective and preventive actions.

## **5.2 Core processes**

**Sales – Sales Manager is the process owner**

A goal of the sales process is to develop products and services that meet clients' expectations and ensure the Company's profitability and sustainability. When making offers and confirming orders, the Company ensures that it has the capacity to meet clients' expectations and requirements and guarantee the safe performance of works.

**Product manufacturing / provision of service – Production Manager is the process owner**

A goal of the product manufacturing process is to manufacture ordered products according to the established standards and clients' requirements, using correspondingly qualified personnel and suitable equipment.

Manufacturing processes have been given a detailed description, including the preparation, welding, mechanics, surface treatment and installation (including hydraulics and electrical assembly). The manufacturing processes have been described according to international standards and legal requirements. Standard procedures for workers have been implemented and necessary work safety instructions and personal protective gear have been provided.

Quality control has been implemented at all stages of the manufacturing process according to specific instructions. A goal of quality control is to discover errors as early as possible and ensure that the client is delivered a product that meets the requirements.

## **5.3 Supporting processes**

**Drawing and technology preparation - Technical Manager is the process owner**

The objective of the technology preparation is to ensure that all customer requirements are taken into account including the material handling processes, personnel, machinery and subcontractors. The objective of the preparation of drawings and technology is to assure that the prepared documentation assuring the quality of the final product and best technological solution.

**Purchasing Process – Purchasing Manager is the process owner**

A goal of the purchasing process is to ensure that materials meet the requirements of clients and standards and subcontractors provide high-quality services. It is important to find, and co-operate

with, the best suppliers in each area. Suppliers are regularly assessed on the basis of visits, process audits or other indicators.

A goal of the materials' handling process is to ensure the conformity of purchased materials to the established requirements, traceability of materials during the entire manufacturing process and preservation of materials' quality during manufacturing. A goal of handling client's property (materials) is to ensure the traceability and prevention of damage to products during the entire manufacturing process starting from the acceptance and ending with the delivery of a product.

**Quality control - Quality Manager is the process owner**

The purpose of the quality control, certification and testing is to ensure that the product quality complying to customer requirements, standards requirements and provide the possibility to third parties participate in quality control processes. Quality control is implemented in all process stages according to specific instructions. The purpose of quality control is to detect the violation from quality requirements in earliest stage and to release the products which conforming to customer's quality requirements. There are used also external controllers (e.g. DNV, ABS, customer representative) for process monitoring.

**Equipment maintenance – Production Manager is the process owner**

A goal of equipment maintenance is to ensure a smooth operation of equipment, implementing principles of preventive maintenance. When a piece of equipment is put into operation, it is ensured that the purchased equipment conforms to the Company's requirements, persons responsible for the equipment are assigned and the maintenance procedure is specified.

Checks and calibrations of measuring instrumentation ensure that measurements conform to international standards.

**Human resource development – Human Resource Manager is the process owner**

A goal of the personnel selection and recruitment process is to ensure that the Company has employees of required qualifications and the employees are aware of the requirements for quality, the environment and occupational health and safety. A constant improvement of the employees' skills is ensured through trainings. Employee certification is carried out according to legal acts.

**Information system administration – Quality Manager is the process owner**

A goal of the information system administration is to ensure the efficient operation of the information system as well as the availability and quality of updated data.

**Document management – Quality Manager is the process owner**

A goal of the document (procedures, instructions, standards, workflow documents) management process is to ensure the availability of documents (procedures, instructions, standards, workflow documents) at all workplaces, that documents are identifiable and updated, that documents and data are stored within the system and the final documentation of a project meets the client's requirements.

**Financial management – CEO is the process owner**

A goal of the financial management process is to ensure timely settlements with partners and subcontractors and the availability of financial reports for internal analysis and decision-making as

well as for government institutions. A goal of fixed assets accounting is to ensure the management of the Company’s assets and their fair representation in accounting reports.

## 6. Project Management System

The implemented project management system assures:

- Planning of the activities according to the agreement with the customer;
- The following of the quality requirements in each project stage;
- Continuous communication and reporting to customer about progress of the project;
- Compliance with the requirements of occupational health and safety;
- The control of environmental aspects;
- Access to customers and certifiers to follow production process;
- Drawing and documentation preparation according to customer requirements;
- Usage of qualified personnel and approved suppliers/materials and subcontractors;
- Approval of changes in co-operation with all interested parties.

Different stages of the Project are described in following scheme:

	LAUNCHING OF THE PROJECT	PROJECT PLANNING AND PREPARATION	PROJECT IMPLEMENTATION	REVIEW OF THE PROJECT
	Team formation Product division Action planning Identification of quality assurance plan Approval of budget Technical meeting Kick-off meeting	Preparation of drawings Technology development Standardisation, fixing of norms Identification of need for measurements Identification of purchase requirements Placing orders for materials and sub-contracting Acceptance of materials and sub-contracting Resource planning	Preparation of product Supervision over quality assurance Supervision over progress and implementation Conduct of final control Delivery of the product Preparation and submission of invoices Compilation of documents Handling of changes	Analysis of project-related activities and time-schedule Analysis of project budget and expenses Analysis of identified non-conformities Determination of correcting activities Submission of results to the management
Sales Department Technical Department Purchase Department Production Department Quality Department	Project Manager Responsible Designer Responsible Technologist Purchasing Specialist Production Planner Quality Specialist	Project Manager Responsible Designer Responsible Technologist Purchasing Specialist Production Planner Quality Specialist	Project Manager Responsible Designer Responsible Technologist Purchasing Specialist Production Planner Quality Specialist	Project Manager Responsible Designer Responsible Technologist Purchasing Specialist Production Planner Quality Specialist
	Project information sheet Project plan Work plans for departments Product Splitting QA&ITP Plan Project budget Order for NDT & Survey MRB Index Monitoring Plan for Quality Assurance Minutes of technical meeting Minutes of Kick-off meeting	Working Drawings Cut-out drawings Routing Level II norms WPS/WPQR Price inquiries Welding chart Measuring reports Dimensional Control Report FII Specification Specifications of Materials Sub-contracting Specifications Purchase orders	Minutes of project meetings Records of deviations and changes NDT daily order Final inspection records MC/FAT Test Report, ARP Certificates of Materials Material Traceability List As Built drawings Weld & NDT Log Personnel Certificates Inspection and Measuring Reports Weiging Reports Survey Report Delivery Note Invoice to client	Project Final Meeting Memo Project Foot Prints Quarterly Summary Reviews

All quality assurance activities are described in more detail in the Quality Assurance Plan which is unique for each project and will be prepared by a project team. Quality Assurance Plan and Inspection & Test Plan must always be approved by the customer. Customer requirements are our command.

This Manual has Appendixes which describe the interrelations between customer/standard requirements and the E-Profiil Management System.