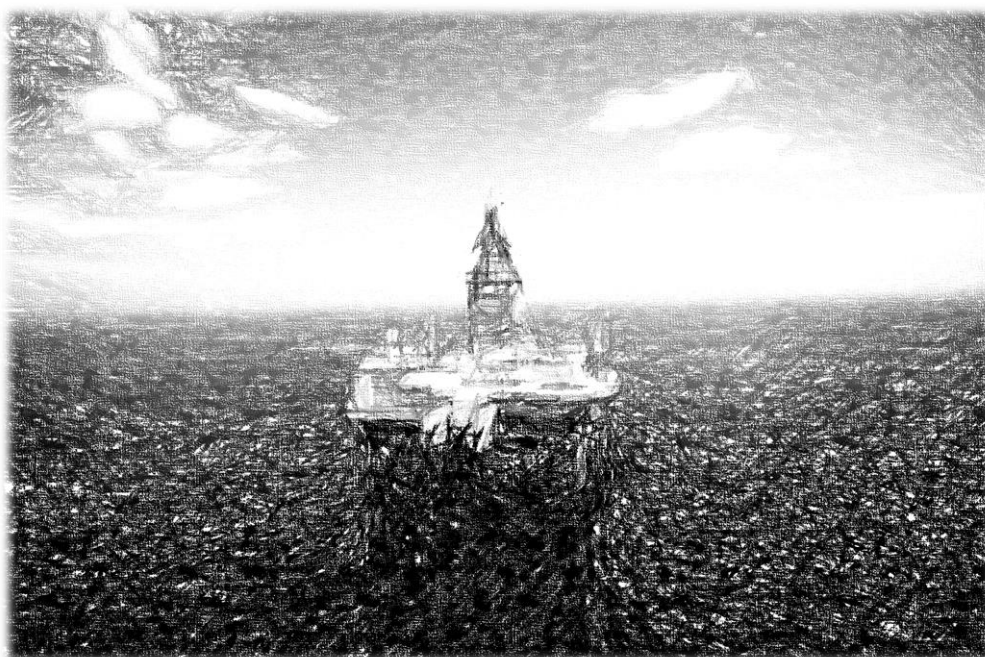


JQS

QRM Audit Report




Supplier name:	Saga Fjordbase
JQS ref. no.:	24879
Contractor VAT no./org. no.:	981425820
Audit date:	13.09.2016
Lead auditor (sign.):	

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1. Preface

This document contains the audit report to assist Joint Qualification System (JQS) participants in assessing their supply chain. That is achieved through the review and assessment of the quality and risk management systems used by the organizations making up the chain. The participants will be companies ordering services for the oil and gas industry in Norway and Denmark.

The audit report is intended to verify the self-assessment submitted by suppliers based on the latest version of ISO 9001 submitted by the contractor when registering in the JQS. Auditors and contractor are required to familiarize themselves with the content of the audit and its requirements before the audit begins.

The scope of the items audited accords with the applicability listed under the different categories in the standard unless the company has entered additional items in its self-assessment. In that case, the additional items will also be subject to audit.

2. Introduction

The contractor audited is Saga Fjordbase AS. The company is an integrated logistics provider to the offshore and onshore industry, including warehousing, OCTG, subsea- and offshore base operations with focus on offshore piping.

Saga Fjordbase is situated outside of Florø, in Sogn og Fjordane, on the west coast of Norway.

Saga Fjordbase has approximately 66 employees, plus 10 hired employees. The company is fully owned by INC invest and Fjordbase. Approximately 20 companies are part of this group. The base houses 60-70 different companies, serving the oil and gas industry, employing appr. 500 employees. Total outside area is 83.000 m³ with plans for expansion with 23.000 m³ starting fall 2016.

Saga Fjordbase is certified ISO 9001 and ISO 14001 by Dovre Certification.

Based on the information given from the company they have defined themselves as a

Category 1 contractor, and this was confirmed during the opening meeting.

3. Agenda

10.00-10.30 Introduction by Achilles JQS

10.30-11.45 Interview with the General Manager, QHSE Manager, Quality Coordinator and the management team.

11.45-12.15 Lunch

12.00-15.00 Interview with the QHSE Manager, Quality Coordinator and the management team.

15.00-15.30 Internal meeting

15.30-16.00 Summing up and conclusion

4. Assessment dates, locations and assessors

Date(s) of audit:	13.09.2016
Location:	Botnaneset, 6902 FLORØ
Lead Auditor(s):	Bjørn Garlimo
Auditor(s):	Kathinka Pettersen
Auditee name(s):	Ingvild Hovland – Quality Coordinator Danckert Dankertsen – HSEQ Manager Jan Kåre Rognaldsen – Manager Material Flow Dag Eikeland – Manager Logistics Senter Terje Grude – Internal Support, Procurement Jan-Ove Grindheim – Main Safety Delegate Leif A. Stavøstrand – Vice president

5. Executive summary

Saga Fjordbase uses a web-based documented Quality and HSE system, named Input Process. The system includes flow charts of the processes, non-conformance system, QHSE manuals, procedures, checklists and job descriptions.

Non-conformities can be registered straight into Input Process, by using an app or by sending a mail. 2 personnel are responsible for case-handling the non-conformities, as well as the interface with the customers' systems.

Saga Fjordbase has implemented the RMC system for managing the company's resources. The system is central in reporting the company's quality KPI's like capacity, non-profitable time, which are measured at regular intervals.

Production actively uses the web-based RMC system to receive orders from the customer, communicated assignments to personnel, administer assignments and follow-up towards invoicing. The RMC system is interfaced with the competence module in the personnel system "Capitech". Suppliers are also integrated in the system.

The company has established the QHSE organisation, including and QHSE Manager, QA Coordinator.

Saga Fjordbase's top management is involved in the company's strategical process. Top Management in Saga Fjordbase also joins in the strategical process in the parent company. Risk assessments of strategical risks is a part of the strategy process.

Saga Fjordbase has implemented A-standard in all projects and has established a documented procedure for this. The performance of A-standard meetings in all project start up's is a part of the company's KPI's.

Job descriptions are prepared for different positions, including training requirements, and an introduction to the Input Process quality management system is a part of the training. Saga Fjordbase uses their intranet page actively for communication with the employees.

The audit was carried out in a positive atmosphere, and all relevant documentation was available for the audit team.

The auditors will point out some areas of improvement:

- Saga Fjordbase should consider to implement a risk management system, in line with a recognized risk management standard (e.g. ISO 31000).

All items in NORSOK S-006 have been reviewed.

Findings in the verification are listed below and the company has been upgraded in 5 elements (2.1.2, 3.2.1, 4.4.1, 4.6.1) and downgraded in 1 element (6.1.4). 1 element (4.3.1) changed from C to NA in the JQS Self-assessment QRM modul.

Executive summary of findings:

Table 1 – List of findings

No	Ref to item in self-assessment	Findings
1	3.1.1	Saga Fjordbase AS has appointed a management representative with dedicated responsibilities and authority. The HSEQ manager is a member of the company's management team. Score upgraded from C to D
2	3.2.1	Saga Fjordbase AS has implemented a resource management system named «RMC» for planning and following up assignments. The information in RMC is continually reviewed and updated and made available. Score upgraded from C to D
3	4.3.1	Design and development is not included in the company's quality management system. Score changed from C to NA
4	4.4.1	Saga Fjordbase has established a system for qualifying and selecting suppliers based on NORSOK S-006. Suppliers are registered in an overview, containing risk and follow-up activities. Score upgraded from C to D
5	4.6.1	Saga Fjordbase has implemented the resource management system RMC to monitor own delivery performance. The delivery performance is used to improve future activities, and the company can show to significant improvement in delivery performance in 2016. Score upgraded from C to D
6	6.1.4	Saga Fjordbase has implemented some procedures for risk management, however the risk management system is not completely in line with a recognized standard e.g. 31000. Score downgraded from C to B

6. Scores

Table 2 – Listing of scores

Items	Score in contractor's self-assessment	Audited score	Symbol
Element 1: Quality management system			
1.1 Quality management system	D	D	
1.2 Quality Management system Documentation			
1.2.1 Quality Management system– covers chosen product/service	C	C	
1.2.2 Quality Management system description	D	D	
1.3.1 Conformity assessments to applicable standards/other requirements	C	C	
1.3.2 Quality Management system induction training program	C		
1.3.3 Key Performance Indicators	D	D	
Element 2: Management Responsibility			
2.1.2 Status of management responsibility	C	D	X
2.2.1 Management review	D	D	
Element 3: Resource Management			
3.1.1 Competence and resource management	C	C	
3.2.1 Capacity definitions/variatio	C	D	X
Element 4: Product Realization			
4.1.1 Product/service realization procedures	C	C	
4.1.2 Ensuring compliance with product requirements	C	C	
4.1.3 Quality plans	C	C	
4.1.4 Supplier progress follow-up	C	C	
4.2.1 Product/service requirements	C	C	
4.3.1 Design and development	C	NA	X
4.4.1 System for qualification and selection of suppliers	C	D	X
4.4.2 Critical vs non-critical suppliers	C	C	
4.5.1 Communication of requirements and expectations	C	C	
4.5.2 Monitoring of supplier performance	C	C	
4.6.1 Monitoring of own delivery performance	C	D	X
4.6.2 FAT/ approval of own deliveries	C	C	
4.6.3 Experience transfer	C	C	
Element 5: Measurement, Analysis and Improvement			
5.1.1 Handling of non-conformities	D	D	
5.2.1 Internal audits	D	D	
5.2.2 External audits	D	D	
Element 6: Risk Management			
6.1.1 Risk assessments and control mechanisms	C	C	
6.1.3 Risk Manager/ responsible	C	C	
6.1.4 Risk Management system	C	B	X
6.1.5 Risk assessments included in management processes	C	C	

6.1 Explanation of symbols

The «X» symbol illustrates where the audit team has identified that the applicable score varies from the contractor's self-assessment score.

6.2 Close-out of findings

The supplier is encouraged to prepare an improvement plan for scores lower than a "C" (Acceptable). The plan shall specify:

- suggested corrective actions
- target date for implementing the corrective actions
- action responsible

The improvement plan must be sent to jqsverification@epim.no within 10 working days from the date when the audit report is received.

After the improvements have been implemented, the contractor is recommended to update its self-assessment in the JQS.

The audit report will be available to the JQS verification participant in the JQS following the date when the final report is issued to the contractor.

7. Supplementary details

The supplementary details are the audit team's comments and observations. Sections and requirements without comments in the following list are considered to be in compliance with the requirements and the self-assessment.

Item 3.1.1 – Competence and resource management

Saga Fjordbase AS has appointed a management representative with dedicated responsibilities and authority. The HSEQ manager is a member of the company's management team.

Saga Fjordbase has a certified quality management system according to the standard ISO 9001:2008. All quality processes have been mapped in process flows. Reporting routines have been established, and regular reports are prepared and communicated to management and to the employees.

Score upgraded from C to D

Item 3.2.1 Capacity definitions/variations

Saga Fjordbase AS has implemented a resource management system named «RMC». The web-based system is available for customers for ordering services, for planning and following up assignments.

Suppliers are included in the planning system. The information in RMC is continually reviewed and updated and made available.

Score upgraded from C to D

Item 4.3 – Design and development

Design and development is not included in the company's quality management system. Saga Fjordbase has not implemented processes nor performs activities for design and development.

Score changed from C to NA

Item 4.4.1 – Selection of suppliers

Saga Fjordbase has established a system for qualifying and selecting suppliers based on NORSOK S-006. Suppliers are registered in an overview, containing risk and follow-up activities. Suppliers are defined as critical, important or other suppliers, and followed-up as such.

The documented information, including non-conformities registered on the supplier, is used for the auditing of the critical suppliers, which is performed on a bi-yearly bases.

Score upgraded from C to D

Item 4.6 – Product delivery and service provision

Saga Fjordbase has implemented the resource management system RMC to monitor own delivery performance. Larger projects begin with a start-up meeting with the customer and critical players for the process. Larger projects are documented in an experience transfer document. A standard is used for all projects.

The areas that are monitored are a.o. on time delivery, work time pr. ton, efficiency. The company has established reporting routines, where own performance is reported to management.

The delivery performance is used to improve future activities, and the company can show to significant improvement in delivery performance in 2016.

Score upgraded from C to D

Item 6.1 – Risk management

Saga Fjordbase has implemented some procedures for risk management, however the risk management system is not completely in line with a recognized standard e.g. 31000, lacking a risk management policy, an evaluation of the company's context, defined accountability ("risk ownership"), compliance with legal and regulatory requirements, etc.

Saga Fjordbase has started an extensive processes for performing risk assessments for their processes, however these include mostly HSE related risks.

Score downgraded from C to B