



QHSE MANUAL

**Written By
QHSE Department**

**Verified & Approved For Application
Fleet Manager**

Revision Status

ISSUE	Revision number	Date	Description
1	0	01/07/2005	Initial issue.
1	1	15/02/2006	<p><i>Index: deleted pag. 5 of 6 and 6 of 6.</i></p> <p><i>Chapt.3: organization structure/telephone contact list</i></p> <p><i>Chapt. 4 para. 4.5.1.3/4: Second Mate/Third Mate duties</i></p> <p><i>Chapt. 6 para 6.5: Technical Documentation – Libraries</i></p> <p><i>Chapt. 7 para 7.4.2 : Requisition of spares and materials</i></p> <p><i>Chapt. 8 para 8.2.2: Radio communications</i></p> <p><i>Ship Operation Manual : Implemented all procedures of Ship Operation Manual – Procedures now on appendix 1 of this manual.</i></p>
2	0	01/07/2008	Second Issued – Safety & Quality documentation according to ISM code and ISO 9001:2000 standard set up.
2	1	15/12/2009	<p>Chapt. 6 para 6.11 – ship condition monitoring: Notification of PSC</p> <p>Chapt. 7 para 7.2 – Internal audits</p> <p>Chapt. 10 – Definition: Major non-conformity</p>
2	2	15/03/2011	Revision of Corporate Name & logo
3	0	15/12/2011	Third Issue - QHSE documentation according to ISM code, ISO 9001:2008, ISO 14001; OHSAS 18001 standard set up.
3	1	01/07/2014	Chapt. 2 revised Foreword To The Company
3	2	15/01/2016	<p>1.5 Distribution</p> <p>2.1 Planning</p> <p>3.8. Organization Chart</p> <p>8.1. Rules, Regulations, Codes including relative amendments</p>

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1. INTRODUCTION

1.1. Purpose

This manual serves as an administrative manual for the Quality Health Safety and Environmental Management System (QHSE) implemented by K-Ships S.r.l..

The QHSE Management System combines safety, environmental protection and quality management system procedures, preventive and corrective action plans, continuous compliance reviews and improvement of the whole Company operations.

1.2. Scope

QHSE Management System described in this manual applies to the shore based offices and all ships managed by the Company.

K Ships activity (scope) is: **Ships management**

1.3. Compliance

K-Ships S.r.l. QHSE Management Systems complies with the following standards:

- ISM CODE IMO's International Management Code for Safe Operation of Ships and for Pollution Prevention - Res A. 741(18) as amended.
- UNI EN ISO 9000 Ed. 2005 Quality management systems -- Fundamentals and vocabulary
- UNI EN ISO 9001 Ed. 2008 Quality management systems -- Requirements
- UNI EN ISO 9004 Ed. 2009 Managing for the sustained success of an organization - A quality management approach
- UNI EN ISO 14001 Ed. 2004 Environmental management systems -- Requirements with guidance for use
- OHSAS 18001 Ed 2007 Occupational health and safety management systems - Requirements
- OHSAS 18002 Ed 2008 Occupational health and safety management systems - Guidelines for the implementation of OHSAS 18001:2007

- ISO 19011 Ed. 2012 Guidelines for auditing management systems

- Rules for using Logo of Certification Body
- MLC Maritime Labour convention 2006

The regulations mentioned is to complement whit rules and regulations described in chapter 8 of this manual.

1.4 Exclusions

The following exclusions from the ISO 9001:2008 quality standard apply to the quality management system of K-Ships S.r.l.

<i>ISO 9001:2008</i>	<i>Notes</i>
7.3.	K-Ships does not have processes that need to be Projected
7.5.2	Excluded from the QHSE system because services requirements can be validated through monitoring and testing in process

1.5 Distribution

<i>N°</i>	<i>Format</i>	<i>Delivery to</i>	<i>No. copies</i>
E-OFF 1	Soft Copy (E-file)	DPA / QHSE Manager	1
OFF 1	Hard Copy (Paper)	Fleet Manager	1
OFF 2	Hard Copy (Paper)	Office library	1
E-VSL 1	Soft Copy (E-file)	Vessel server	1
VSL 1 of 3	Hard Copy (Paper)	Bridge	1
VSL 2 of 3	Hard Copy (Paper)	Engine Control Room	1
VSL 3 of 3	Hard Copy (Paper)	Crew Messroom	1

2. FOREWORD TO THE COMPANY

K-Ships S.r.l. (hereafter referred to as the Company) is dedicated to manage a fleet of oil, chemical tankers and gas carriers.

All the K-Ships S.r.l. staff who take care of technical, crewing and chartering management of the vessels has tanker's background.

In order to be able to achieve the customer satisfaction at all times we have established Quality Health Safety and Environmental Management System (hereafter referred to as the QHSE Management System) which applies to all our services.

We view this Code and the Standard as an excellent framework allowing us to go beyond the mere safe and effective implementation towards continually improving the system in order to enhance our services.

The Company Quality Health Safety and Environmental Management System is fully described in this Manual.

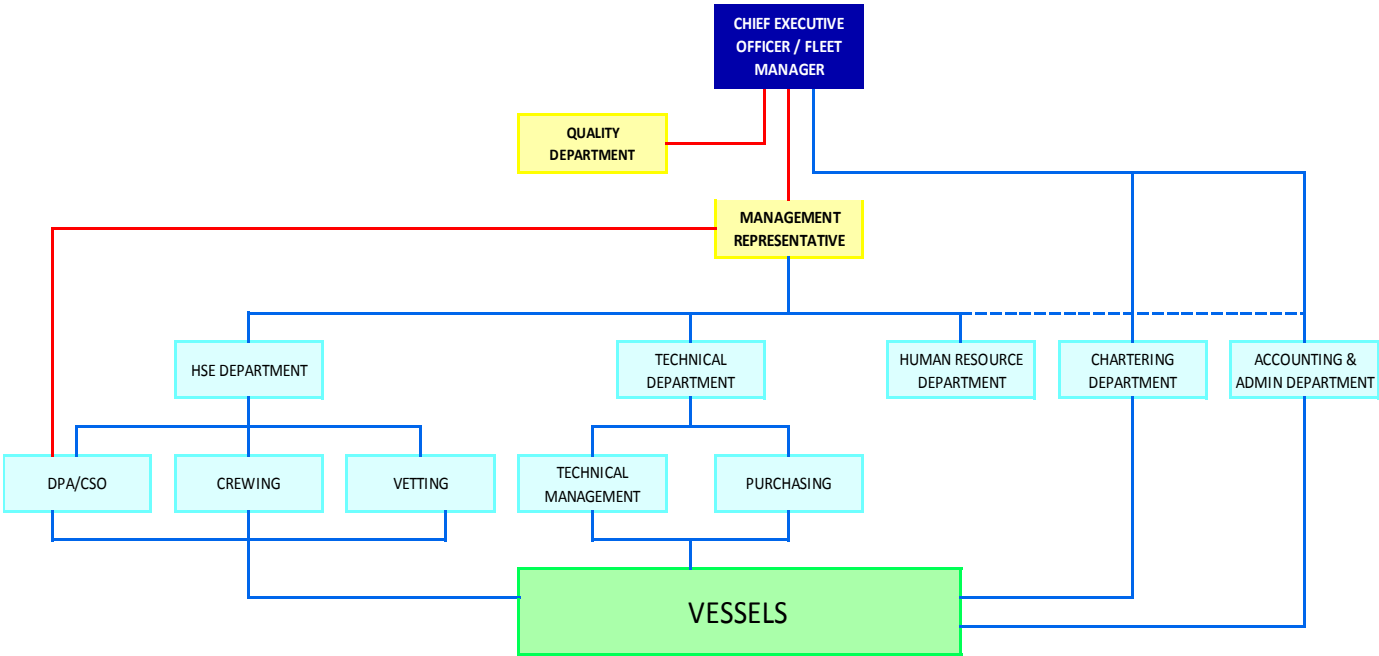
It outlines the objectives, states Company Policies, scope of its application, defines the responsibilities and authorities as they are delegated within the Company and summarizes the ways by which the QHSE system requirements are addressed.

The details of operations are given in the shore and shipboard manuals, procedures and working instructions.

2.1 QHSE Planning

The Company has identified processes needed in the Company Management System and their application, sequence and interaction throughout the company. These processes are described in the following models

COMPANY Process Flow



The Company management Manual define the criteria and methods needed to ensure that processes are controlled and effective. These process metrics are defined in Section 6.6 /6.7 of this Manual.

Top Management ensures availability of resources and information necessary to support the operations; the process monitoring is described in Section 6 of this Manual.

Effectiveness of processes and their improvement are evaluated by the application of specific measures, analysis & action to be taken; details given on Section 6 & Section 7 of this manual.

2.2 QHSE Objectives

Company enforces periodical evaluation of key results at different level of the organization, to ensures that objectives are fulfilling the Company policies.

This Objectives are reviewed by Top Management during the Management Committee meetings.

Company assure compliance to Management system for each change proposed & implemented.

2.3 Health, Safety, and Environmental Objectives and Targets

The Company establish, implement, and maintain documented environmental objectives at different level within the shore-based and shipboard organization; related responsibility are clearly identified.

The Company establish, implement, and maintain documented occupational health and safety objectives at different level within the Company.

On reviewing its management system objectives, the Company:

- comply with mandatory rules and regulations;
- take into account applicable codes, guidelines and Organization, Administrations, classification societies recommendations.
- consider those aspects of its operations that can have a significant environmental impact;
- consider the views of those both inside and outside the workplace, who are affected by the performance of the Company;
- consider available technological options;
- consider its financial, operational and business requirements;
- take into account its legal and other requirements, and its OH&S hazards and risks.

Ref.: Management Committee meetings.

2.4 Environmental Aspects

The Company established procedures to identify the environmental aspects of its shipboard and shore-based operations within the scope of the environmental management system.

On developing procedures has been taken into account all activities which can influence or have a significant impact on the environment.

Documented evidences shall be at any time available and kept updated.

2.5 Hazard Identification, Risk Assessment, and Risk Control

The Company established and maintain procedures for the ongoing hazard identification, risk assessment, and mitigation controls

On developing such procedures taken into account:

- routine and non-routine activities;
- activities of all personnel having access to the workplace.
- human behavior, capabilities, and other human factors;
- identified hazards originating outside the workplace but capable of adversely affecting the health and safety of persons under the control of the Company within the workplace;
- hazards created in the vicinity of the workplace by work-related activities under the control of the Company;
- infrastructure, Vessels equipment, and materials at the workplace, whether provided by the Company or others;
- changes or proposed changes in the Company, its activities, or materials;
- modifications to the OH&S management system, including temporary changes, and their impacts on operations, processes, and activities;
- any applicable legal obligations relating to risk assessment and implementation of necessary controls;
- the design of work areas, processes, installations, machinery/equipment, operating procedures, and work organization, including their adaptation to human capabilities.

Company risk assessments are based on prevention culture providing hazard identification, prioritization documentation, risk control measures and their application when appropriate.

The Company identify the OH&S hazards and associated risks within the proposed or planned changes before their application (Management of changes).

Hazard identification, risk assessment and relative mitigation are documented and kept updated.

Ref. to Risk Assessment Register.

2.6 Legal and Other Requirements

The Company establish, implement, and maintain a documented procedure:

- to identify mandatory rules and regulations applicable to both ship and shore-based operations;
- to identify applicable codes, guidelines, and standards recommended by the IMO, Administrations, classification societies, and maritime industry organizations;
- to identify and apply legal and other requirement to which the Company subscribes AND relevant to OH&S and Environmental aspects. Compliance with such requirement shall be evaluated every 12 months; relevant record kept as part Management committee meeting report.

Shipboard personnel, Office personnel and third parties involved into Company activities are kept informed on legal and other requirements by official communications.

3. ORGANIZATION

Responsibilities and authorities within the organization are defined in :

- Organizational chart (general): see section 3.8
- Organizational chart (Nominative): see form OC
- Job Descriptions

3.1. Company Responsibility and Authority

Assignment of responsibility for the operations of all ships presently under the management of K-Ships S.r.l. pursuant to the ship's management agreement, has been communicated by their respective owners to the vessels' Flag Administrations.

The Company retains copies of the ship's management agreement.

The responsibility, authority and interrelation of all personnel who manage, perform and verify work relating to and affecting safety and environmental protection and quality of transportation services are defined and documented in organization chart for shore based personnel and Ship Position Description for seafarers.

Company management ensures that appropriate communication processes are established within each organization and that communication takes place regarding the effectiveness of the QHSE management system.

3.2. General Management

The Managing Director/Fleet Manager has ultimate responsibility and authority to manage the Company.

A Designated Person Ashore (hereafter referred to as the DPA), is appointed by Managing Director to ensure that all ISM System established processes are implemented, maintained and monitored.

The QHSE Department Manager acts as Coordinator, makes sure that the management system satisfies the requirements of relevant code (ISM Code) and standards (ISO 9001:2008, ISO 14001:2004:OHSAS 18001:2007) latest edition.

The back-up persons are the Technical Division Director and the Technical Superintendents.

The Fleet Manager has appointed a Management Representative for the QHSE management system.

The Management Representative shall:

- a) Ensure that services respect both customer and Company specifications and that they satisfy the requirements of all customers.
- b) Have the authority and responsibility to ensure that the requirements of the QHSE Management System are established, implemented, and maintained.
- c) Report the status of the quality system and its improvement for Management Review.
- d) Promote awareness of customer requirements throughout the organization.

3.3. Management Committee

The permanent members of the Management Committee are:

- Managing director/Fleet Manager
- DPA / QHSE Department Manager
- Management Representative
- Technical Department Director
- Chartering Department Director
- Personnel Department: Manning agents representatives

3.4. Management Committee Meetings

The Management Committee meets regularly once yearly, in order to ensure the QHSE Management System continues to be suitable, adequate and effective in the requirements of the code and standard, for meeting the objectives and achieving customer satisfaction.

The Managing Director may call an unscheduled Management Committee Meeting at any time.

The Managing Director may request other staff members to participate in the meetings as non-permanent members.

The Management Committee Meeting covers the following agenda:

- Review of the minutes of the last meeting and any resultant actions
- Results of internal and external audits
- Non conformity reports and corrective actions taken
- Information on preventive actions taken
- the extent to which objectives and targets have been met
- Summary and analysis of customer feedback including complaints and actions taken
- Summary and analysis of masters' reviews.
- Adequacy of existing QHSE system, including policy and objectives, and proposed improvements
- the Health, safety and environmental performance of the Company;
- Training requirements
- Staff suggestions
- Recommendations and requirements of classification societies, Administrations or any other Authorities
- Status of incident investigations, corrective and preventive actions

- Evaluations of compliance with applicable legal requirements and with other requirements to which the Company subscribes
- Recommendations for improvement and Measures required for upgrading the QHSE Management System as:
 - New rules and regulations
 - Changes in business strategy
 - Changes in Company fleet
 - Market changes

QHSE Department Manager is responsible for ensuring that required reports are prepared and circulated to committee members at least one week before the meeting.

Minutes are taken by DPA, distributed and recorded as quality records. The review output includes decisions, relations and duties for:

- Improvement of the effectiveness of QHSE Management system
- Improvement of the service
- Resource needs
- Changes to policy, objectives and targets
- Performances
- Other elements of the management system and consistent with the commitment to continual improvement.

3.5. DPA and QHSE Department

The DPA is designated to:

- Be the link between the Company and the shipboard personnel so that they can ensure that adequate shore-based support and resources are provided by the Company to the ships
- Ensure the safe and environmentally sound operation of each ship by studying any safety and/or quality problem that may appear during implementation and operation of QHSE Management System
- Identify solutions and advise/propose top management properly
- Ensure that appropriate training is provided to the shipboard personnel to familiarize them with QHSE Management System

The QHSE Department is established to oversee and control the implementation and proper functioning of the QHSE Management system:

- Plan and co-ordinate internal audits (ship-board and shore-based)
- Co-ordinate in problem solving/improvements
- Monitor the document control system
- Monitor the implementation of activities related to QHSE Management System management review

The Management Representative, in coordination with DPA and CEO, continuous task is to:

- Motivate quality improvement projects and, generally, respond to the findings of the continuous monitoring of the ships managed by the Company
- Ensure the promotion of awareness of customer requirements through the organization
- Be in liaison with external parties on matters relating to Company Management System
- Verify that the management system is established, implemented, and maintained in accordance with the requirements of this Guide;
- Attend to management reviews and report to top management on the performance of the management system, including recommendations for improvement; and
- Provide awareness of meeting the customer as well as statutory and regulatory requirements.

The DPA and the Management Representative have direct access to the top management and authority to ask division or operating managers all information and assistance related to functioning of QHSE Management System.

3.6. Master's Responsibility and Authority

The Master has complete authority and responsibility for taking all necessary actions for safety, pollution prevention and efficient operation of the ship.

The Master is fully responsible for implementing the safety and environmental protection policy of the Company.

The Master should periodically review SMS and report deficiencies to the shore based management and DPA. Report of Master's review of the QHSE Management System must be completed at least once during contract or before signing off. Report is to be completed on form Master's Review and attached to his Handing Over.

The Master's authority and responsibilities are clearly defined and documented (relevant Administration laws, rules and regulations, as well as IMO Resolution A. 443(XI) are considered as a part of QHSE Management System).

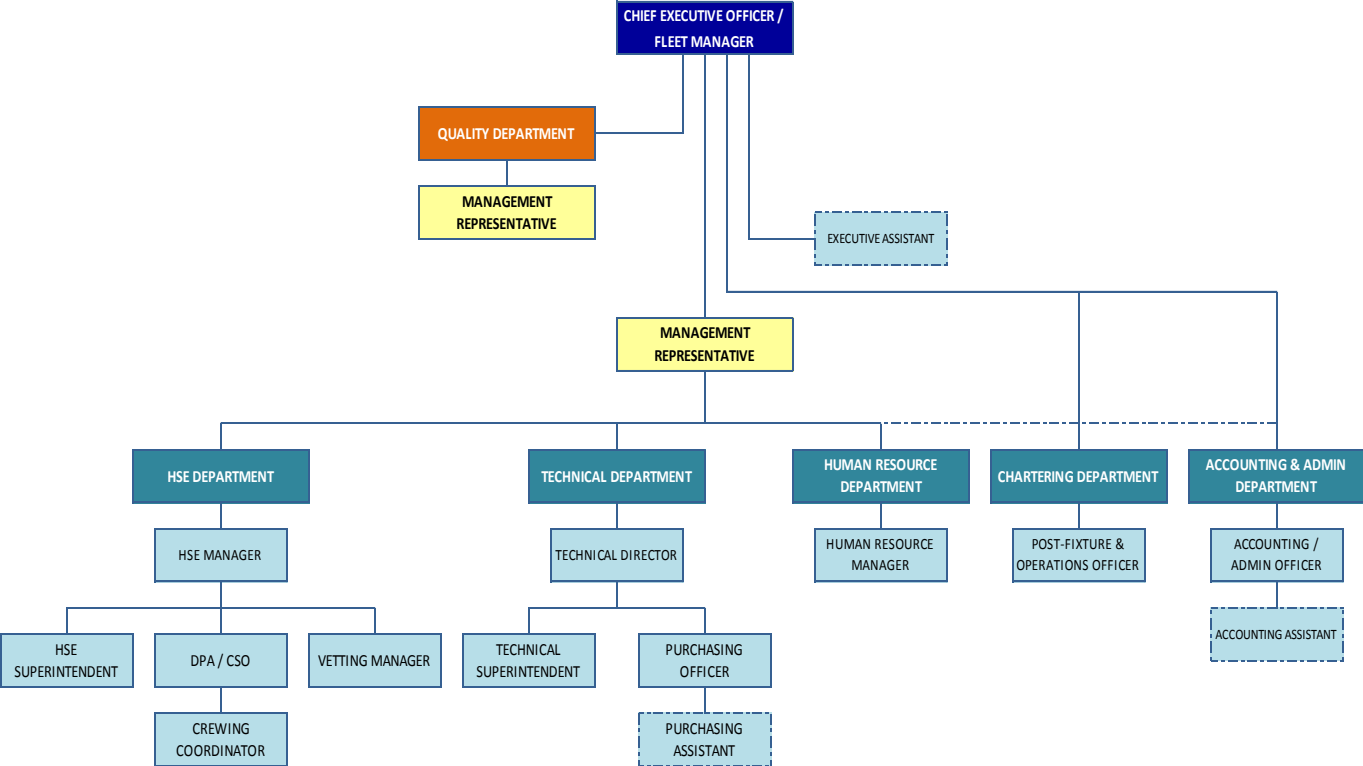
The master shall be fully aware of the Company policies and responsible for achieving the Company objectives, commanding, motivating, training and encouraging crew to implement the QHSE Management System procedures.

The master shall communicate with the shore-based designated person and other responsible personnel in order to request assistance, if necessary, report incidents, accidents, near-misses, conclusions and findings concerning the policy implementation on board the ship.

3.7. Master's Overriding Authority

In adverse circumstances and regarding decisions concerning safety and pollution prevention, the Master has overriding authority even if those may mean deviation from documented procedures and/or instructions.

3.8. Organization Chart



Note:
The above organization chart presents the position and the interrelation of all personnel who manage, perform and verify work relating to and affecting safety, environmental protection and quality, described in Job Description form.

4. HUMAN RESOURCES AND PERSONNEL

The Company employs staff with appropriate education, training and experience to carry out their duties. It ensures that office and vessel's personnel are provided with the appropriate resources (ie. equipment, materials, technical support) to enable them in carrying out their duties.

Competency requirements for personnel with responsibilities that may affect the services standard are defined in Professional standard tables.

Job Descriptions are available in the administration part of the system.

The Company ensures the Master's qualifications, his ability to command and his full awareness of QHSE Management System.

The Company will never fail to support the Master in the safe execution of his duties, providing him with adequate resources.

Being the ENGLISH identified as on board working language, it is Company responsibility to verify the knowledge of the English of the Officers before sign-on.

The Company has established and maintain documented procedures concerning shore and shipboard personnel:

- Recruitment and selection
- Minimum qualification and experience
- Size and composition
- Training and familiarization with the Company QHSE Management System
- Emergency situations proper handling

The Company will maintain appropriate records of education, training, skills and experience as quality records.

Training requirements have been defined for each function that performs job that can have an effect on K-Ships service. QHSE Manager is responsible to maintain records of the training performed and to document the method of measuring its effectiveness. Department Managers must ensure that employees, where applicable, are aware of the relevance and importance of their activities to the achievement of the quality objectives.

4.1 Infrastructure and Work Environment

QHSE Manager is responsible for providing and maintaining the appropriate infrastructure necessary to achieve product realization.

The infrastructure includes:

Buildings, workspaces and associated utilities
Equipment, both hardware and software
All support services necessary (i.e. transport, communication)

Company maintains a suitable environment to avoid negative impact on the services quality, and working place is conform to the relevant safety regulations.

5. DOCUMENTATION

The Company has established and maintains documented QHSE Management System as a mean of ensuring that contractual requirements are fulfilled and the ships, managed by the Company, operate safely and without polluting environment.

The QHSE Management System controlled documentation is consisted of:

- QHSE Manual
- statements of Company objectives and policies (Appendix 4)
- Documented procedures and instructions required by QHSE system. (Appendix 1, 2, 3, 4)
- Documents needed to ensure effective planning, operation and control of the processes such as forms, reports, circular letters, guidelines and work instructions
- External documentation, such as national and international rules and regulations, legislative and regulatory documents, standards and professional literature

5.1. Document Control

The system ensures clear identification, standard format, controlled distribution, filling and retrieval of each document that contains the information critical to QHSE Management system.

The document control system ensures that each controlled document contains verified information which is communicated to the appropriate personnel.

Additionally, document control system provides establishing of the procedures that specify control to correspondence, files and libraries of the Company.

5.2. Data communication

All internal and external documents are maintained in electronic and/or hard copy versions.

The Company has established and maintains procedure for document control, which includes:

- Control of hard copies
- Control of software use
- Control of the records' access

6. FLEET MANAGEMENT

6.1. General

The Company has identified and plans (long term and short term planning) all activities and operations that directly affect safety, pollution prevention and quality. In realization of these activities, Company has determined that quality objectives stated in the Policy, including customer satisfaction, are the only target of all operations.

All these activities are conducted under controlled conditions defined by documented procedures and work instructions, such as:

- Documented procedures defining office activities
- Documented procedures defining shipboard operations
- Emergency preparedness of ship and ashore personnel and documented emergency plans
- Ships' maintenance system to provide continuous fitness of vessels for their intended purpose

6.2. Contract review

All contracts by which the Company sells its activities, are reviewed prior acceptance to determine if the following requirements have been met:

- Customer requirements are specified and adequately defined
- Requirements not stated by the customer but necessary for specified contract are known
- Statutory and regulatory requirements related to the service are fulfilled
- Service requirements are defined
- Contract or order requirements differing from those previously expressed (tender) are resolved
- The organization has the ability to meet defined requirements

Qualified and experienced personnel studies the contracts to be agreed upon and signed. The performance of contractors and vendors is taken into consideration during the review of contractual documents for provided services. Any discrepancies must be resolved with the customer in advance and recorded.

Signature of the person responsible for signing contract is considered as a quality record. Any amendment or alteration to the contract is subjected to the same review procedure. In specific cases and for reliable brokers and charterers, orders/contracts can be agreed by the phone.

Under no circumstances contract or its amendments will be accepted without the review.

The Company has determined and implemented effective arrangements for communicating with customers in relation to service information, enquiries and contracts handling and customer feedback, including customer complaints.

6.3. Purchasing

The Company has established and maintains activities to ensure that purchased products or services conforms to specified requirements. Such purchased products or services include, but are not limited to:

- Equipment and spare parts
- Provisions and inventories
- Technical services
- Agencies
- Fuel and lubricants
- Classification services

When purchasing materials and services, the Company attaches critical importance to evaluation and selection of subcontractors, communication of requirements to subcontractors, and receiving, inspection and verification of purchased product.

The procedure has been established to ensure that:

- Only suppliers included in the approved list are used, and the mechanism for selection of new suppliers is in place. Selection criteria is defined and allowance has been made to approve vendors based on trial orders or samples.
- The performance of approved suppliers is monitored and recorded
- Purchasing documents clearly and completely describe ordered products and the quality requirements
- Where appropriate, pre-shipment verification arrangements and authority to release the product are clearly notified to the subcontractor
- Purchasing documents are reviewed and approved prior to release

Ship construction or repair facilities represents an example where verification of product and services are performed at contractor's facility. Verification requirements of products and services provided are detailed in the work specifications.

The Company reserves the right to inspect the purchased products or services at supplier's facility and/or delivery site.

6.4. Stores

All materials shall be handled in a way that prevents damage and deterioration during storage, processing and delivery. Where appropriate, special equipment will be used to transport materials from point to point. A designated areas are provided ashore and onboard the ships for incoming materials. All subsequent movement of materials is subject to satisfactory receiving verification and is controlled through the application of the established procedure and defined authority levels.

6.5. Customer Property

In the event that products and/or information are supplied by the customer (*owner or charterers*), the Company shall exercise care with its property while it is under the Company's control or being used by the Company.

In case of customer property loss, damage or other finding to be unsuitable for further use, this shall be reported to the customer and records will be maintained.

6.6. Departments Processes Control

All critical office activities are carried out according to QHSE Management System documentation, specifying the method, equipment, conditions and personnel qualification and training.

If necessary, procedures are completed with detailed work instructions and/or referenced to other internal or external documents, where appropriate.

All procedures are based upon Company good practices and recognized standards and adherence to them is monitored by means of inspections, planned audits and management reviews.

The procedures include, but are not limited to:

- Internal audits, documentation requirements, non-conforming product control, corrective and preventive actions
- Emergency preparedness
- Technical operations and purchasing activities
- Personnel and crew management and training
- Chartering operations
- Administrative matters, such as communication and information flow.

These activities are assigned to and performed by adequately trained personnel.

6.7. Shipboard Processes Control

Instructions are provided for all processes onboard the vessel that affect safety of the vessels, cargo, crew, pollution prevention and quality of services. These instructions are documented in operating manuals and circulars.

The operating manuals and circulars are based upon Company practices and recognized standards, and adherence to them is monitored by means of inspection, planned audits and management reviews.

The operating manuals and circulars include all regular, special and critical situations:

- Navigational operations, technical and supplying activities
- Crew management, training and emergency preparedness
- Documentation and records, filling/retrieval of documents and correspondence
- Ship integrity and hazardous shipboard operations
- Feedback information management and corrective/preventive action system
- Safety matters, such as external communications, fire extinguishing system operations, safety equipment use, etc.

The crew is familiarized and trained to follow the instructions intended for their duties efficiently and properly respond in case of an emergency.

The Company ensure to preserve the service during the process of management and service delivery in order to maintain conformity to requirements. As applicable, preservation include identification, handling, packaging, storage, and protection. Preservation shall also apply to the constituent parts of the service.

6.8. Preservation of cargo

The Company has established shipboard procedures, employs qualified personnel and provides them with instructions to properly handle, store, preserve and deliver the cargo in accordance with the International Conventions and Rules for the Carriage of Goods, the Charter Parties and its own quality policy.

Any spare part or equipment, materials and tools, being property of the customers shall be also carefully handled and stored, in accordance with established procedures.

6.9. Emergency preparedness

The Company has established and maintains documented procedures (Contingency Plans Manual – CPM) for response to potential emergencies, including hazards, accidents and near misses.

This system includes procedural and organizational arrangements that ensure identification of emergencies, planning of responses, training of seafarers and 24-hour availability of adequate office staff to provide support requested by any of the ships.

Preparation for potential emergency situations includes following actions:

- Planned and unscheduled drills and exercises on board the vessels
- Planned and unscheduled joined drills and exercises vessel-office, with participation of the shore based response personnel

6.10. Ship Operations Monitoring

The Company has identified needs and established procedures for monitoring of the service status at any point during the ship's voyage, including preparation and maintenance of cargo plans.

Detailed instructions are incorporated in Technical and Chartering Department procedures.

Ship monitoring is recorded and filed as quality records.

6.11. Ship Condition Monitoring

The Company has established and maintains procedures for internal surveys and inspections onboard the ships.

Ships condition information, recorded during the surveys, organized and communicated through the Company, are evaluated and reviewed.

Emergency and systematic response leads to proper maintenance and repairs in order to ensure the safety, environment protection and conformance with contractual and regulative requirements.

Concurrently, maintenance and repair activities reflect the Company's aim to continuously maintain valid Classification and Statutory certificates, which prove ship's compliance with relevant Rules and Regulations.

Authorized external surveyors carry out inspections and surveys on a periodical basis.

These surveys are required to keep all class and statutory certificates, such as Class, International Load Line, Cargo Ship Safety Construction, etc, valid.

Surveyors authorized and empowered by Port State Controls, USCG, and Flag Administrations may carry out additional inspections and surveys at any time.

These surveys are performed to ensure that the ship is always maintained to the standards required by International Conventions, etc, and fully supported by Company.

The Company gives emphasis to maintain vessels conformance to class and statutory requirements and is always alert to respond rapidly to any extra requirements set by Classification Societies, Underwriters, PSC, USCG, etc.

Any PSC report, relative follow-up and corrective actions to be communicate to immediately to the Flag Administration and to the Class Register. Contact details of the Flag administration will be provided by each Administration.

6.12. Ship Maintenance

Ship maintenance and repair, contributes to the safety, environment protection and quality of the service which Company offers.

Therefore, the Policy emphasizes these aspects and requires the establishment of particular procedures and instructions, which specifies and provides methods and guidelines to achieve an integrated and systematic monitoring/maintenance system.

The Company has established and maintains procedures for maintenance planning.

Preventive work necessary for maintenance of each part of ship equipment is defined at the time intervals (daily, weekly, monthly...) required in order to minimize wear and deterioration by such causes as adjustment, lubrication, cleaning and painting, and also to reveal any incipient defects by routine periodic inspections, tests and surveys are scheduled and described in PMS (Planned Maintenance System).

Equipment and technical systems the sudden operational failure of which may result in hazardous situations (hereafter referred to as the **Critical Equipment**) is identified for each ship, integrated into the maintenance routine, and appropriate contingency plans are established in case the equipment or the system in question fails; outsourced task forces can be employed for maintenance of equipment which may compromise the safety of the vessel.

Concurrently, maintenance and repair activities reflect the Company's aim to continuously maintain valid Classification and Statutory certificates, which prove ship's compliance with relevant Rules and Regulations.

6.13. Ship Repairs

Defects, wear and deterioration that may be revealed by routine or emergency inspections and surveys are reported to and evaluated by the Company office.

As necessary, repair specifications are developed and issued, including clear and precise description of the required repair, time limitations and importance ranking of the works.

Repair specifications are prepared by the superintendents and reviewed by Technical Division Director or his deputy. In accordance with technical and time limitations, repair schedule and quotation request is advised.

Based on the extent of repairs and amount of quotations, Technical Department Director and/or Management committee (i.e. for dry-dock repairs) evaluates and accepts the offers.

The repairs are carried out under attendance and to satisfaction of superintendent and Classification surveyor, while at sea is witnessed and monitored by qualified and experienced Company personnel.

Witnessing personnel shall accept repairs when they fully comply the specifications and are carried out to the satisfaction of the attending Class surveyor, or modifications shall be requested and repair acceptance shall follow satisfying implementation of requested modifications.

6.14. Control of Monitoring and Measuring Devices

The Company has determined the monitoring and measurements to be undertaken and the monitoring and measuring devices needed to provide evidence of conformity of service to the requirements. Through the shipboard technical procedures, to ensure valid results, measuring equipment will be:

- Calibrated or verified at specified intervals or prior to use
- Adjusted or re-adjusted, as necessary
- Safeguarded from adjustments that would invalidate the measurement result
- Protected from damage and deterioration during handling, maintenance and storage

Records of the equipment calibration and verification are maintained in PMS and corresponding logbooks.

7. SERVICE CONTROL

7.1. Customer Satisfaction

The customer satisfaction is one of the most important goals. All customer claims to be immediately notified to DPA or Division directors.

All complaints or remarks must be treated as nonconforming product. They have to be thoroughly investigate and analyzed, causes eliminated and preventive actions taken. Customers has to be informed about it.

The maintaining of contract terms are consider customer satisfaction indicators.

7.2. Internal Audits

The Company conducts internal audits on board and ashore at intervals not exceeding twelve months to verify whether activities related to safety, pollution -prevention and quality of services complies with QHSE Management System.

In exceptional circumstances this interval may be exceeded by not more than three months (*vessel laid-up, shipyard repair*).

Documented procedure is established defining responsibilities and requirements for planning and performing audits, and for reporting results and maintaining records.

The management responsible for the area being audited shall ensure that actions are taken without undue delay to eliminate detected nonconformities and their causes. Follow-up activities through corrective actions shall include the verification of the activities taken and the reporting of verification results.

7.3. Service monitoring

The Company has established methods for inspecting and testing the compliance with safety, environmental protection and quality requirements.

Minimum safety requirements include proper functionality of the critical equipment.

Minimum environmental protection requirements include compliance with applicable rules, regulations and Company Policy.

Minimum quality requirements are those stated in the Company contracts and agreements with its customers.

All above requirements assumes continuous improvement and achievement of the set objectives and goals.

Monitoring and inspections are carried out at appropriate stages of the specific voyage. It is related, but not limited, to following operations:

- Cargo tanks condition
- Loading/unloading installation and equipment
- Service technician's qualifications
- Spare parts reception

- Cargo condition
- Ship performance criteria, including maintenance
- Fuel oil specifications
- Pre-arrival/departure checks
- Class and statutory inspections

When planned results are not achieved, correction and corrective action shall be taken to ensure conformity of the service.

All inspection and monitoring records will be properly maintained.

Ref. Management Committee Meetings

7.4. Control of Nonconforming Service

Accidents, hazardous occurrences and all processes (for instance damage of ship or cargo), which do not conform to the specified requirements, shall be promptly reported in order to ensure that evidence for structural, operational or organizational deficiencies are thoroughly investigated and immediately acted upon.

In case that nonconformities and deficiencies revealed, office personnel and vessel's crew shall simultaneously respond and initiate appropriate corrective action, following relevant procedures.

The controls and related responsibilities and authorities for dealing with nonconforming product are defined in documented procedure.

Records shall be maintained.

7.5. Corrective and Preventive Actions

The Company has established and maintains documented procedure for implementing corrective and preventive actions.

They are related, but not limited to:

- Determination of potential nonconformities and their causes
- Review of nonconformities and investigation of all customer complaints
- Determination of the causes
- Initiation of corrective actions and prevention of recurrences
- Review of corrective and preventive actions taken.

8. REFERENCE DOCUMENTS

8.1. Rules, Regulations, Codes including relative amendments:

8.1.1. ISM Code

International Management Code for the Safe Operation of Ships and for Pollution Prevention (International Safety Management Code - IMO Resolution A.741(18))

8.1.2. ISO and OHSAS Standards

International Standards for Quality Management (ISO 9001:2008), Environmental Management (ISO 14001:2008), Safety management (OHSAS 18001:2007)

8.1.3. SOLAS 74/78 Consolidated edition

International Convention for the Safety of Life at Sea

8.1.4. MARPOL 73/78 Consolidated edition

International Convention for the Prevention of Pollution from Ships

8.1.5. COLREG

International Conference on Revision of the International Regulations for Preventing Collision at Sea

8.1.6. STCW 78/95

International Convention on Standards of Training, Certification and Watchkeeping for Seafarers

8.1.7. MLC 2006 – maritime labour convention

8.1.8. ILO Convention 147

Convention Concerning Minimum Standards in Merchant Ships (1976)

8.1.9 ISPS CODE International Ship & Port Facility Security Code.

8.1.10. ICS – International Chamber of Shipping Guides

Applicable International Chamber of Shipping Guides

8.1.11. IMO Resolutions

International Maritime Organization Resolutions

8.1.12. International Conference on Load Lines 1966

8.1.13. Ship Classification Rules

8.1.14. Flag Administration Rules

8.1.15 Code of Federal Regulations, Title 33 Parts 1 - 199 pertaining to Navigation and Navigable waters of the United States of America

8.1.16 International convention on the control of harmful anti-fouling systems on ships.

Resolutions, Codes and Requirements, dealing with safety and environmental protection issued by IMO or other national, international or industry recognized organizations.

9. ISM-ISO-OHSAS-QHSE Management System CROSS REFERENCE LIST

Correspondence between ISO 9001:2008, ISO 14001:2004, OHSAS 18001:2007, ISM Code and K-Ships QHSE Management System:

ISO 9001:2008	ISO 14001:2004	(BS) OHSAS 18001:2007	ISM CODE	QHSE Manual
4.1 General Requirements			1 General	2.1 Planning
4.2 Documentation Requirements	4.4.4 Documentation	4.4.4 Documentation	11 Documentation	5 Documentation
4.2.3 Control of Documents	4.4.5 Control of Documents	4.4.5 Control of Documents		
4.2.4 Control of Records	4.5.4 Control of Records	4.5.4 Control of Records		
5.1 Management Commitment			3 Company responsibilities and Authority	3 Organization
5.2 Customer Focus	4.3.1 Environmental Aspects	4.3.1 Hazard Identification, Risk Assessment and Determining Controls		2.4 Environmental Aspects 2.5 Hazard Identification, Risk Assessment, and Risk Control
5.3 Quality Policy	4.2 Environmental Policy	4.2 OH&S Policy	2 Safety and Environmental Protection Policy	2 Policies
5.4.1 Quality Objectives	4.3.3 Objectives and Programmes			2.2 QHSE objectives 2.3 Health, Safety, and Environmental Objectives and Targets
5.4.2 Management System Planning	4.3.2 Legal & Other Requirements		1 General	2.6 Legal and other Requirements
5.5.1 Responsibility and Authority 5.5.2 Management Representative 6.1 Provision of Resources	4.4.1 Resources, Roles, Responsibility and Authority	4.4.1 Resources, Roles, Responsibility, Accountability and Authority 4.4.3.1 Communication 4.4.3.2 Participation and Consultation	3 Company responsibilities and Authority 4 Designated Person (S) 5 Master Responsibility and Authority	3 Organization
5.5.3 Internal Communication	4.4.3 Communication	4.4.3 Communication, Participation and Consultation		3.1 Company Responsibility and Authority
5.6 Management Review 8.5.1 Continual Improvement	4.6 Management Review		12 Company Verification, Review and Evaluation	3.4 Management Committee Meetings
6.2.1 General 6.2.2 Competence, Training, Awareness	4.4.2 Competence, Training and Awareness		6 Resources And Personnel	4 Human Resources and Personnel
6.3 Infrastructure			10 Maintenance of the Ship and equipment	4.1 Infrastructure and Work Environment 6.12 Ship Maintenance 6.13 Ship Repairs
6.4 Work Environment				
7.1 Planning of			1 General	2.1 Planning

Product Realization 7.2 Customer Related Processes			7 Development of Plans for Shipboard Operations	6.2 Contract review
7.3 Design & Development				
7.4 Purchasing 7.5 Production and Service Provision	4.4.6 Operational Control 4.4.7 Emergency Preparedness & Response		8 Emergency Preparedness	6.3. Purchasing 6.4 Stores 6.5 Customer Property 6.8 Preservation of Cargo 6.9 Emergency Preparedness
7.6 Control o Monitoring & Measuring Equipment 8.1 General 8.2.3 / 4 Monitoring & Measurement of Process and Product 8.4 Analysis of Data	4.5.1 Monitoring & Measurement	4.5.1 Performance Measurement and Monitoring	1 General 10 Maintenance of the Ship and equipment 12 Company Verification, Review and Evaluation	6.6 Departments Processes Control 6.7 Shipboard Processes Control 6.14 Control of Monitoring and Measuring Devices 7.3 Service Monitoring
8.2.1. Customer Satisfaction				7.1 Customer Satisfaction
	4.5.2 Evaluation of Compliance		12 Company Verification, Review and Evaluation	2.6 Legal and other Requirements
8.2.2 Internal Audit	4.5.5 Internal Audit			7.2 Internal Audits
8.3 Control of Nonconforming Product			9 Reports and Analysis of Non-Conformities, Accidents and Hazardous Occurrences	7.4. Control of Non Conforming Service
8.5.2 Corrective Action 8.5.3 Preventive Action	4.5.3 Nonconformity, Corrective Action and Preventive Action	4.5.3 Incident Investigation, Nonconformity, Corrective Action & Preventive Action		7.5 Corrective and Preventive Actions

10. DEFINITIONS

Accident

An incident involving injury or damage of life, the environment, the ship and/or cargo.

Administration

The government of the state whose flag the ship is entitled to fly (ISM 1.1.3).

Auditor

An independent person, qualified to perform verification in compliance with the requirements of the ISM Code and ISO Standard

Audit Program

The organization structure, commitment and documented methods used to plan and perform audits

Company

The ship owner or any other organization or person (i.e. manager, bareboat charterer) that has assumed responsibility for the operation of the ship from the ship owner.

Controlled document

Any document issued which has been uniquely identified as a "Controlled document" and is traceable for recall. Only "Controlled documents" shall be used for work affecting quality, safety and pollution prevention. Any document, which has not been uniquely identified as a "Controlled document", is an uncontrolled document. For easy reference, controlled documents are those listed on the Muster List of Documentation.

Corrective action

Actions, which must be taken to identify, correct and eliminate a non-conformity/non-conforming service, as well as the action taken to identify and eliminate their cause.

Customer

The party for who services are directly provided by the Company, for example:

- A Company providing ship management services should consider the ship owner as their customer under a ship management agreement
- A Company involved in the chartering of under their management ships should consider their charterer as their customer under the charter agreement

Definition of term "shall"

This term has been used in the QHSE Management System documentation to emphasize the Company commitment to enforcing all the QHSE Management System requirements

Designated person(s) ashore (DPA)

A person or persons ashore with direct access to the highest level of management, who has the responsibility and authority to monitor the safety, quality and pollution prevention aspects of the operation of each ship, and to ensure that adequate resources and shore based support are applied, as required.

Environment

Surroundings in which the Company and the managed ships operate, including air, water, land natural resources, flora, fauna, human beings and their interaction.

Environmental aspects

Element of the Company activities or services that can interact with the environment.

Environmental impact

Any change to the environment, whether adverse or beneficial, wholly or partially, resulting from the Company activities or service.

Hazardous occurrence (near miss)

Situation which could have led to an accident, if they had developed further.

Internal Audit

It is a systematic examination carried out by an internal auditor of the Company to determine whether the Safety Management System activities and related results comply with planned arrangements and whether these arrangements are implemented effectively and are suitable to achieve.

ISM Code

International code on safe practice and environmental protection onboard the ships.

Management agreement

Legally binding document, which defines terms, and conditions under which the Company agrees to provide ship management services to the Owners.

Major non-conformity

A deviation that poses a serious threat to the safety of personnel or the ship or a serious risk to the environment that requires immediate corrective action or the lack of effective and systematic implementation of a requirement of the QHSE Management System.

Nonconformity

A deviation from the QHSE Management System requirements or an error which could endanger or has compromised the safety of people, the environment, the ship or cargo.

Objective evidence

Quantitative or qualitative information, record or statement of fact pertaining to safety or the existence and implementation of a safety management system element, which is based on observation, measurement or test and which can be verified.

Onboard management

Shipboard personnel with defined responsibility and authority to execute and implement Company policy and charter party agreements, and operate, maintain and control a ship.

Owner

The individual or Ship owning Company with the authority to assign management of a ship to the Company.

Personal incident

An uncontrolled or unplanned event, or sub consequences of events, that results from a fatality or injury to a seafarer onboard or whilst ashore on company business. This excludes: suicides, criminal or terrorist activity, a deliberate act of another individual, and incident which occur off the ships but whose consequences appear on board some time later.

Preventive action

Action, which must be taken to reduce/eliminate potential factor which, could lead to a non conformity/non conforming service.

Process

Various steps or sequences of operations in the completion of a task.

Safety management system (SMS)

A management system designed with the intent of ensuring pollution prevention and safety at sea, in accordance with ISM Code requirements.

Safety Management Certificate (SMC)

Certificate issued by the Administration to a ship, certifying compliance with the ISM Code.

Ship

Includes every description of water craft used or capable of being used as a means of transportation on water (over 500GRT)

Ship management

The provision of services by the Company including, but not limited to, ship support and cargo transportation, including passengers, in a safe, efficient and environmentally safe manner.

Shore based management

Shore based personnel with defined responsibility and authority to establish, implement, verify and control policies, systems and procedures.

Standard

For purposes of this document the ISO 9002:1994 Quality Assurance Standard and ISM Code will be referred to as standard.

Working Language

The language to be used for communication between ship, office and 3rd parts, written communication and SQM records.

Uncontrolled document

A copy of a document (e.g. a procedure) which is not maintained as up to date. Generally used for information, only, or where previous versions of a document need to be retained. The fact that the document is uncontrolled should be indicated on it.

Quality Records

Documented evidence of actions taken to achieve the required standards and to demonstrate the effectiveness of the QHSE System.

Quality system (ISO 9000)

A management system designed with the intent of ensuring the quality fulfilment of customer requirements.

Environmental System (ISO 14000)

A management system designed with the intent of ensuring to systematize and improve a environmental management efforts

Occupational health and safety management systems (OHSAS 18001)

A management system designed with the intent of ensuring to systematize and improve a Health and safety management efforts

QHSE management systems

The integrated management system designed with the intent of ensuring to systematize and improve a Safety management system (ISM) including requirements of ISO 9001:2008, ISO 14001:2004, OHSAS 18001:2007.