

Canyon Offshore

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1 INTRODUCTION

1.1 GENERAL

It is the intent of Canyon Offshore Inc. (hereinafter referred to as “Canyon”) to establish an Integrated Management System (IMS) which meets the requirements of ISO 9001, ISO 14001 and OHSAS 18001. The system is to be implemented in relation to the activities described in sections 2 and 3.

This manual provides an overview of the Integrated Management System; its purpose is as follows:

- To explain the scope of the IMS
- To outline the company policies and procedures, and human resources available for implementation
- To describe the company organization, the structure of the IMS and the interaction of the processes involved in the IMS
- To provide all employees, with a clear understanding of the management system and the importance of adhering to the policies and procedures of the company

1.2 ACCESS AND CONTROL

The current, controlled revision of Canyon’s IMS documentation resides within the Canyon intranet and is accessible to all onshore employees simultaneously. Controlled copies of the IMS are made available to offshore locations on numbered CD-R. Paper copies are regarded as “uncontrolled versions, for information only” and are not subject to revision. Control and distribution of the Canyon IMS documentation is managed by the Document Controller, as advised by the QHSE Manager.

2 COMPANY PROFILE

Established in 1996, Canyon is one of the most innovative and reliable specialty marine contractors in the world. In January 2002, Canyon became a part of the Cal Dive group of companies. Focusing on providing leading edge underwater, unmanned services in extreme environments, Canyon strives to deliver the highest value to its customers.

Canyon provides the following services:

- Remotely operated vehicle (ROV) and intervention services
- Submarine cable, umbilical and flowline protection services
- Dynamically positioned vessels
- Technical manpower and project management

With facilities and resources strategically located in the Americas, Europe and Asia Pacific, Canyon’s Services effectively cover the globe.



3 SCOPE OF SYSTEM

The IMS is to be applied to the onshore management activities relating to the provision of ROV and intervention services, tooling services, submarine cable and flowline protection services and dynamically positioned vessels carried out from the company premises in Houston, Texas.



4 POLICY STATEMENTS AND OBJECTIVES

4.1 QUALITY POLICY

Canyon Offshore Inc. (hereinafter referred to as "Canyon") is one of the most innovative and reliable specialty marine contractors in the world. Focusing on providing leading edge underwater, unmanned services in extreme environments, Canyon strives to deliver the highest value to its customers.

The company is committed to developing, maintaining and continually improving effective and efficient processes and systems, designed to meet and exceed the requirements of ISO 9001.

Our activities are planned and performed in order to meet the needs and expectations of our customers by consistently supplying a level of Project Management, Product and Service Quality that meets contractual and legislative requirements and which ranks with the best in the industry.

Canyon will ensure this policy is effective by:

- Compliance with all relevant laws and regulations;
- Ensuring that the necessary competent personnel, infrastructure and operating processes are in place to service the business needs of the company;
- Providing the necessary information, training and supervision to ensure a well trained competent workforce, using the best industry practices;
- Implementing systems for measurement, analysis and improvement of product, services and the management system;
- Setting and reviewing effective and measurable objectives and targets, as they are required for continual improvement;
- The regular audit and review of Canyon's Integrated Management System's performance in order to ensure its continued suitability; and
- Encouraging feedback from both customers and employees.

All personnel are responsible for adhering to the company's quality requirements. These requirements are communicated to all members of staff through the Integrated Management Systems Manual and those procedures relevant to each employee's duties.

The Quality Assurance System has been prepared in accordance with the requirements of ISO 9001 and cross-reference is made in the Integrated Management System Manual to the relevant sections of the standard.

Responsibility for establishing and implementing Canyon's quality policy rests with the President / Chief Operating Officer, as advised by the Quality, Health, Safety and Environmental Manager, who is responsible for developing, documenting, implementing and maintaining the quality assurance system based on ISO 9001.

Signed:

Dated:

March 23, 2004

President and COO



4.2 HEALTH AND SAFETY POLICY

The management of Canyon Offshore Inc. (hereinafter referred to as "Canyon") is committed to providing a safe place of work for employees and contractors, through the implementation of standards and controls that continuously improve the application and performance of the safety management system.

We shall achieve this goal by setting ourselves targets aimed at fulfilling a set of broad objectives and values, which represent our obligations to society and business stakeholders, as well as ourselves.

- We are committed to meeting our statutory requirements and dedicated to performing our work in the safest practical manner throughout its operation, consistent with best industry practice that satisfies customer expectations.
- We communicate openly with employees, contractors and clients on matters relating to occupational health and safety.
- We believe in the provision of information for safe and efficient operations, to empower and educate our workforce and trust in a consultative process that maximizes our human resources.
- The safety management systems we set in place shall manage and control risk through the identification of hazards, the provision and maintenance of equipment fit for purpose and training in safety skills and knowledge.
- We recognize our accountability for the care and safety of each other at work and the consequences of our actions on others off-location.
- We hold all levels of management accountable for health and safety matters in their areas.
- The safety of employees and third parties remains paramount over all other interests and demands.

Responsibility for establishing, implementing and periodic review of Canyon's safety policy rests with the President / Chief Operating Officer, as advised by the Quality, Health, Safety and Environmental Manager, who in turn is responsible for developing and maintaining a documented safety management system based on and compliant with OHSAS 18001 and other regulatory requirements.

Signed:

Dated:

March 23, 2004

President and COO



4.3 ENVIRONMENTAL POLICY

Canyon Offshore Inc. (hereinafter referred to as "Canyon") provides equipment, technology, systems and services, which operate in a marine environment and, therefore, prevention of pollution is of primary importance to the company.

The company is committed to reducing the impact of its operations and processes on the environment by a process of continual improvement. Activities are planned and performed to minimize environmental discharges and to comply with legislative and contractual requirements.

Canyon will fulfill this policy through embracing the following objectives as core business values:

- Compliance with all laws and regulations, as well as voluntary codes;
- The assessment of environmental effects before commencement of operations;
- The measurement and reduction of emissions detrimental to the environment;
- Taking measures to prevent environmental pollution and plan for the minimization of loss, should any incidents occur;
- Setting and reviewing objectives and targets as they are required, for continual improvement;
- The regular review of Management System performance; and
- The conservation of resources and recycling of renewable resources.

Responsibility for establishing and implementing Canyon's environmental policy rests with the President / Chief Operating Officer, as advised by the Quality, Health, Safety and Environmental Manager, who is responsible for developing, documenting, implementing and maintaining a management system complying with the requirements of ISO 14001.

All employees have a duty to act in accordance with this policy and within the interests of the environment in general.

Signed:

Dated:

March 23, 2004

President and COO



4.4 CANYON QUALITY, HEALTH & SAFETY AND ENVIRONMENTAL OBJECTIVES

Canyon outlines its broad objectives and targets, in the Quality, Health & Safety and Environmental policies contained within this manual. In order to minimize the impacts of environmental, occupational health and safety risks, and to continually improve product and service quality to the customer effectively, procedure [COAP-008](#) (Objectives and Targets) has been developed. This procedure allows us to set effective and quantifiable objectives and targets, related to ongoing company business and the policy statements.



5 ORGANIZATION AND RESPONSIBILITY

5.1 ORGANIZATIONAL DIAGRAM

Canyon's organizational chart is included in the Appendices.

5.2 RESPONSIBILITIES

5.2.1 President

Both Co-Presidents of Canyon report directly to the COO of Cal Dive International, Inc., Canyon's parent company. The President / CFO will act on behalf of the President / COO during his absences.

Major responsibilities are as follows:

- Ensure that the requirements of the Integrated Management System are fully implemented and maintained.
- Ensure that the company complies with all applicable laws and regulations
- Implement policy as dictated by the parent company's practices.
- Approve all contracts and monitors operation of such contracts as to profitability, performance etc.
- Direct all company's regional activities.

5.2.2 QHSE Manager

The QHSE Manager of Canyon reports directly to the President.

Major responsibilities are as follows:

- Implementation and maintenance of the Integrated Management System
- Reporting to management on the performance of the Integrated Management System
- Advising the President on legal and other requirements applicable to the companies activities

5.2.3 All Personnel

All personnel, whether staff, contract or subcontractor employees are responsible for:

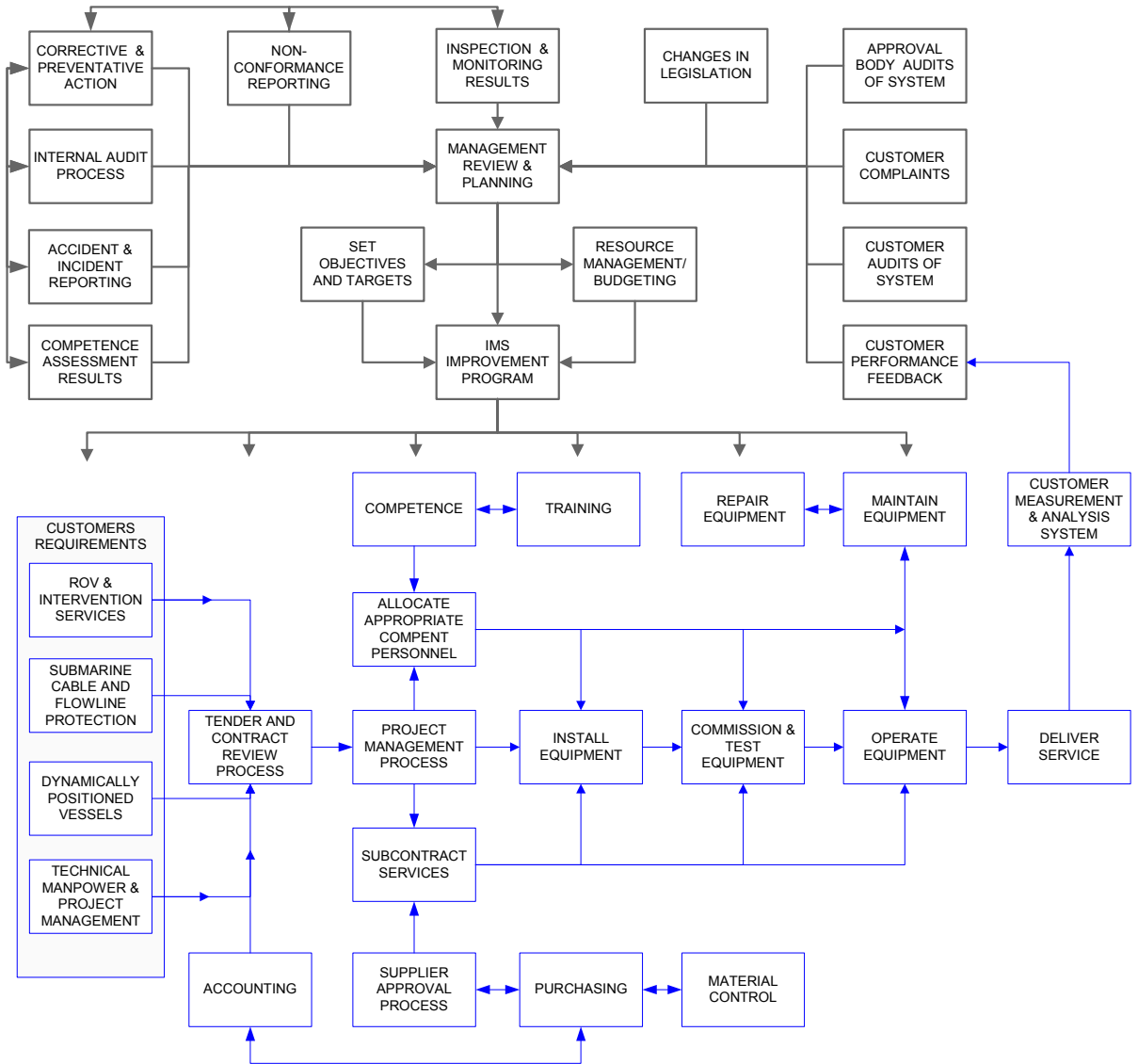
- Planning and performing their work in accordance with the Company's policies and procedures as laid down in the Integrated Management System.
- Carrying out their work in a manner, which will not put at risk their personal health and safety or that of their colleagues and will not harm the environment.
- Proposing changes, where opportunities for improved performance, loss reduction, or increased efficiency are identified.
- Promptly reporting accidents, incidents and near misses and any other hazardous situations they see



In addition the roles and responsibilities of key management and supervisory personnel are defined and documented within Job Descriptions held for these positions.

6 PROCESS MANAGEMENT

6.1 PROCESS FLOW DIAGRAM





6.2 PROCESS DESCRIPTION

The processes of the IMS, and how they interact, are mapped out in section 6.1; the controlling procedures, for the individual processes are either listed in section 6.3 or are developed on a project by project, or equipment specific basis.

6.3 PROCEDURES LISTING

COAP-001	Preparation of Procedures
COAP-002	Document Control
COAP-003	Auditing
COAP-004	Non-Conformance
COAP-005	Corrective and Preventative Action
COAP-006	Measurement and Analysis
COAP-007	Control of Records
COAP-008	Objectives and Targets
COAP-009	Competence Assurance
COAP-010	Training
COAP-011	Contract Review
COAP-012	Approval of Suppliers
COAP-013	Purchasing
COAP-014	Material Control
COAP-015	HSE Inspection & Awareness
COAP-016	Incident Reporting and Investigation
COAP-017	Emergency Response
COAP-018	Hazard Communication
COAP-019	Manual Handling Risk Assessment
COAP-020	Risk Assessment
COAP-021	Aspects & Impacts Identification and Evaluation
COAP-022	Identification of QHSE Legal & Other Requirements
COAP-023	Environmental Monitoring and Measurement
COAP-024	Waste Management



COAP-025	Project Document Control
COAP-026	Design Control
COAP-027	Drawing Control



7 MANAGEMENT REVIEW

A review of the IMS shall be carried out, with senior management present, at least annually to evaluate the continued suitability, adequacy, and effectiveness of the management system.

The QHSE Manager is responsible for chairing the meeting, preparing the agenda, for gathering all information required in order to perform the review and to report on system performance. Records of such reviews shall be documented, identifying actions and improvements required to maintain the integrity and effectiveness of the system at all levels.

A typical agenda for management review is as follows:

- Follow-up on actions from previous Management Review minutes
- Review and assessment of performance against stated QHS&E objectives
- Verification of the effectiveness of corrective and preventative actions
- Results of Internal, Second Party and Third Party audits
- Results of Customer Feedback
- Changes that could affect IMS Policies and procedures
- Proposals for continued improvement

Actions that are agreed on shall have responsibilities assigned as well as a time frame for completion. Responsibility for implementation and completion of assigned actions shall fall on the member of management responsible for the process, or a designated person.

The minutes of the meeting shall be collated and distributed to the participants, by the QHSE Manager.

The QHSE Manager, who will progress and verify completion of all action points, will track outstanding actions to completion.

8 CONTINUAL IMPROVEMENT

Canyon's senior management is committed to the continual improvement of its quality, health safety and environmental performance, and to that of the products and services offered to our Customers. We shall achieve this through the rigorous implementation of our system procedures. We shall:

- Perform Management reviews with senior management;
- Set achievable objectives and targets base on our policies for improvement;
- Measure our ongoing performance through audit, inspection, assessment and feedback;
- Use problem solving and statistical techniques to provide meaningful performance measurements;
- Report our findings to management on a regular basis;
- Implement corrective and preventative action to effect improved performance; and
- Implement recommendations from incident investigations.



9 REFERENCES

ISO 9001 – Quality management system requirements

ISO 14001 – Environmental management systems – Specification with guidance for use.

OHSAS 18001 – Occupational health and safety management systems – Specification

10 APPENDICES

Appendix	Doc. Ref.	Retention period	Held by
A) Canyon Americas Organization	N/A	5 Years	Co-President