

V.Group Operating Framework

Corporate Vision & Goals

Organisation

Culture

Governance

Processes



V.Group





The V.Group Operating Framework is a key document for all of us because it sets out the way we do business and what it means to be part of our Company. It is based on principles of good governance, our values and the policies and processes that are needed to give you all the freedom to do your job whilst giving the Board the visibility that it needs to enable effective risk management for shareholders. I am personally committed to sustained high levels of performance and I'm sure that the Operating Framework will help you to deliver that objective. Our Vision is to be internationally recognised as the number one independent provider of global maritime services.

Clive Richardson
Chief Executive Officer

Our objectives



V.Group is a complex business operating internationally with responsibilities to its shareholders, customers, partners, employees and the communities in which it operates. V.Group's overriding objective is to enhance the long-term value of the Company for the benefit of all of its shareholders.

To achieve this objective the Board requires that all V.Group companies develop a common corporate culture and identity and adhere to the V.Group Operating Framework.

The Operating Framework describes the Company's approach to its:

- Organisation
- Culture
- Governance
- Processes.



The Board is responsible for approving changes to the Operating Framework.

Further detail on the policies and processes referred to in the Operating Framework can be found in the Annexes accessible via the V.Group internal website (V.Net).

Business Leaders are responsible for ensuring that their Business Units and all V.Group operating companies for which they are therefore responsible operate in accordance with the Operating Framework.

Business Leaders will ensure that:

- All employees, including contractor employees and for these purposes crew onboard V.Group managed vessels, have access to the Operating Framework.
- Local policies and processes are in place to implement the requirements of the Operating Framework.
- Appropriate training is offered to ensure proper implementation of the Operating Framework.

Corporate Vision & Goals

Our vision is to be internationally recognised as the number one independent provider of global maritime services.

1

Organisation

- The Board
- The Executive
- Business Leaders



2

Culture

- Values
- Ethics
- Individual Behaviours



3

Governance

- HS&E
- Laws & Regulations
- Internal Controls
- Delegated Authorities



4

Processes

- Strategy & Business Planning
- Client Relationship Management
- Commercial Management
- Group Trading Framework
- Full Spectrum Leadership



Annexes (accessible via Group intranet)

- A Current Business Leaders, Business Units & Functional Leaders
- B Finance Manual (including Strategy & Business Planning)
- C Client Relationship Management
- D Commercial Management and Gate Review Process
- E Group Trading Framework
- F Full Spectrum Leadership

Organisation

The Board is responsible for the proper and effective management of the Company and its principal aim is to enhance the Company's value for the benefit of all shareholders.

1.1 The Group Board

- 1.1.1 The Group Board (Board) is responsible for the proper and effective management of the Company and its principal aim is to enhance the Company's value for the benefit of all shareholders.
- 1.1.2 The principal responsibilities of the Board are:
 - 1.1.2.1 To approve the Strategy and Plan.
 - 1.1.2.2 To monitor the performance of the Company.
 - 1.1.2.3 To establish and maintain Company standards and values.
 - 1.1.2.4 To approve the Company's internal controls.
 - 1.1.2.5 To make all major strategic and business decisions and to establish delegated authorities to allow the smooth day-to-day running of the Company.

1.2 The Group Chairman

- 1.2.1 The Group Chairman (Chairman) is responsible for creating the conditions for the effective working of the Board.
- 1.2.2 The principal responsibilities of the Chairman are:
 - 1.2.2.1 To chair formal meetings of the Board and set the Agenda.
 - 1.2.2.2 To promote the highest standards of corporate governance and oversight.
 - 1.2.2.3 To set the strategic framework within which the Board determines the forward direction of the Company.
 - 1.2.2.4 To represent the Company and assist the Chief Executive to build important relationships.

1.3 The Group Chief Executive

- 1.3.1 The Group Chief Executive (Chief Executive) is responsible for the leadership and operational management of the Company within the strategy and business plan agreed by the Board.
- 1.3.2 The principal responsibilities of the Chief Executive are:
 - 1.3.2.1 Developing a business strategy and plan to be approved by the Board on an annual basis.
 - 1.3.2.2 Managing the senior executive resource and succession planning process.
 - 1.3.2.3 Ensuring that effective business and financial controls are in place across the Company.
 - 1.3.2.4 Ensuring that the Company maintains the highest standards with regard to Health, Safety and the Environment.
 - 1.3.2.5 Ensuring that the Company complies with all relevant laws and regulations.
 - 1.3.2.6 Keeping the Board regularly informed as to the Company's performance and promptly informing the Board of all matters that have, or might have a material impact on the Company's performance.
 - 1.3.2.7 Developing and supporting V.Group Values.

1.4 Committees of the Board

- 1.4.1 The Board has created the following standing committees:
 - 1.4.1.1 Remuneration Committee.
 - 1.4.1.2 Audit Committee.
- 1.4.2 The responsibilities of each of these committees are as set out in the Terms of Reference of each committee, as amended from time to time with the approval of the Board.

1.5 Business Leaders

- 1.5.1 The Chief Executive is accountable to the Board for the implementation of the Company's strategy and business plan (SBP) within delegated authorities that are reviewed annually.
- 1.5.2 In implementing the SBP, Business Leaders are wholly responsible for the operation and performance of their Business Units.
- 1.5.3 Functional Leaders are responsible for promoting best practice policies and processes across the Company.
- 1.5.4 A list of current Business Leaders, Business Units and Functional Leaders is set out at Annex A (available via V.Net).
- 1.5.5 Business Leaders are free to run their Business Units as they choose but must:
 - 1.5.5.1 Operate at all times within the Delegated Authorities set by the Chief Executive.
 - 1.5.5.2 Comply at all times with the Operating Framework and in particular:
 - 1.5.5.2.1 Adhere to the V.Group mandated processes.
 - 1.5.5.2.2 Exercise control at all times over operational and financial risks in their Business Units.



Culture

Our values and our individual behaviour are very important to our business performance.

- 2.1** The culture of the Company supports the achievement of our Vision and Corporate Goals. Our Values and our individual behaviour are very important to our business performance. Through living our Values we will create a culture of success through high performance, adherence to strict ethical standards and respect for our customers, our partners and our colleagues.
- 2.2** Our shared Values are:
- 2.2.1 Safe Operation-we will not take unacceptable risks, risk management is key and compliance is instinctive.
 - 2.2.2 Personalised Services-our Customers can count on us to deliver customised services built on strong relationships, which add value.
 - 2.2.3 Profitability-we are committed to attractive returns for stakeholders and sharing the Company's success with our staff.
 - 2.2.4 Teamwork-we endeavour to work as one team towards a common set of clearly defined objectives.
 - 2.2.5 Empowerment-we believe that decisions should be taken at the lowest level practicable.
 - 2.2.6 Transparency-we run an open book approach for customers and other key stakeholders.
 - 2.2.7 Integrity-we believe in acting in an honest and professional way.
 - 2.2.8 Respect-we believe that mutual respect forms the foundation for honest relationships.



- 2.3** Ethical business conduct is fundamental to the reputation and success of our Company and we will not compromise on our ethical principles and policies. Our five Principles of Ethical Business conduct are:
- 2.3.1 Accountability-we are personally answerable for our own conduct and actions.
 - 2.3.2 Honesty-we always tell the truth, whatever the circumstances.
 - 2.3.3 Integrity-when we say that we will do something, we do it.
 - 2.3.4 Openness-when questions are asked we are frank and straightforward in our answers.
 - 2.3.5 Respect-we value each individual we meet and treat them with dignity and thoughtfulness.
- 2.4** The Company does not make donations to political parties or their representatives in any of the countries in which it operates. The Company respects the right of individual employees to make personal contributions.
- 2.5** All employees should conduct themselves in accordance with:
- 2.5.1 Their contract of employment.
 - 2.5.2 The principles of ethical business conduct at 2.3 above.
 - 2.5.3 All applicable national and international laws and regulations.

Governance

The Company is committed to the highest performance standards for health, safety and environmental management, onshore and at sea.

3.1 Health, Safety and the Environment

- 3.1.1 The Company is committed to the highest performance standards for health, safety and environmental management, onshore and at sea.
- 3.1.2 The Company issues and maintains an HS&E policy and all employees will strictly adhere to it.
- 3.1.3 Business Leaders will ensure that contractors and seafarers are aware of our HS&E policy and agree in writing as part of any contractual relationship to adhere strictly to the policy.
- 3.1.4 The current Company HS&E policy can be found on V.Net and is prominently displayed at every one of our locations.

3.2 Laws and Regulations

- 3.2.1 The Company and its employees shall comply at all times with the laws and regulations of the countries in which it conducts business.
- 3.2.2 The Company complies with all applicable charters, codes of practice and guidelines of an international nature or where it does not, clearly states its reasons for non-compliance.
- 3.2.3 It is the aim of the Company to develop effective working relationships with any organised labour movement that is recognised by the Company nationally or internationally.
- 3.2.4 The Company does not discriminate against any person on the grounds of gender, sexual orientation, disability, marital status, age, colour, race, nationality, religion or ethnic origin. Implementation will, of course, be through our local offices, reflecting national legislation in different countries.

3.3 Internal Controls

- 3.3.1 The internal controls in the Company are both corporate and local, the latter reflecting the different activities and risk environment in which the Business Units operate.
- 3.3.2 At all times the Company seeks reasonable assurance regarding:
 - 3.3.2.1 The reliability and integrity of information.
 - 3.3.2.2 Compliance with policies, processes, laws, regulations and contracts.
 - 3.3.2.3 The safeguarding of Company assets and protection against fraud.
 - 3.3.2.4 The economical and efficient use of Company resources.
- 3.3.3 The Financial Control Framework.
 - 3.3.3.1 The Company has mandated financial standards at all levels and across all of the territories within which it operates. The Finance Manual sets out definitions, roles and responsibilities for financial control, including the substance of and the form in which Business Leaders and Functional Leaders should submit management reports.

- 3.3.3.2 The financial controls, policies and processes in each Business Unit must conform to the Finance Manual and also reflect the requirements of the business risk environment.
- 3.3.3.3 The current Finance Manual is set out at Annex B (available via V.Net).
- 3.3.4 Business Performance Review.
 - 3.3.4.1 Business performance is assessed through Monthly Business Reviews conducted by the V.Group Deputy CFO.
 - 3.3.4.2 On a quarterly basis the Chief Executive conducts a Quarterly Business Review (QBR) with each Business Leader, which includes an assessment of performance in the previous quarter and consideration of key challenges facing the Business Unit in the subsequent quarter.
- 3.3.5 Operational Assurance Statement.
 - 3.3.5.1 In order to satisfy the Board that control has been properly exercised, Business Leaders will review their Business Units and complete an Operational Assurance Statement (OAS) every six months.
 - 3.3.5.2 Independent reviews will be undertaken by internal and external auditors.
 - 3.3.5.3 The OAS is in two parts. Part A is a self-assessment against the Operating Framework. Part B is a report showing the key risks and opportunities for the Business Unit.
 - 3.3.5.4 The OAS results will be reported to the Board. The Business Leader will deal promptly with actions arising out of the Board's review. Answers will form part of the subsequent six monthly OAS.
 - 3.3.5.5 The Finance Manual contains the standard OAS form.
- 3.3.6 Delegated Authorities.
 - 3.3.6.1 The Board has established a set of delegated authorities under the following general principles:
 - 3.3.6.1.1 Under the Investment Agreement the Board reserves some matters for decision at Board level only.
 - 3.3.6.1.2 Limits are set for the Chief Executive who in turn sets limits for Business Leaders.
 - 3.3.6.1.3 The approval of the Group Chief Financial Officer is also needed where the Chief Executive's approval is required.
 - 3.3.6.1.4 Authority limits apply whether items have been budgeted or not.
 - 3.3.6.2 Delegated authority limits, including the list of reserved matters, are published and distributed confidentially to Business Leaders who in turn decide upon appropriate levels of delegation in their Business Units.



Processes

Five mandated core business processes ensure consistency across all V.Group companies, drive high performance and make the whole of V.Group greater than the sum of its parts.

- 4.1** The Company operates five mandated core business processes to ensure consistency across all V.Group companies, to drive high performance and to make the whole of V.Group greater than the sum of its parts.
- 4.2** Business Leaders and Functional Leaders will ensure that these core processes are implemented in their Business Units and across supporting functions.
- 4.3 Core Process 1 – Strategy and Business Planning (SBP)**
- 4.3.1 SBP allows the Company to assess and monitor its ability to maximise value for shareholders. It is made up of a strategic plan, a financial budget for the next financial year and financial projections for the subsequent two financial years, ('Budget year plus 2').
- 4.3.2 The standard SBP reporting pack drives a common output across the Company to enable consolidation of plans at V.Group level. SBP involves three phases:
- 4.3.2.1 Phase 1 – Broad assessment of the current strategic and financial position, referring back to the prior year financial plan and budget. This phase allows the Business Units to identify either; options to address new strategic issues for further evaluation during Phase 2, or improvement action plans to recover financial performance to the previous year's budget and forecast.
- 4.3.2.2 Phase 2 – Detailed evaluation of options or actions identified under Phase 1, consolidated into a strategic and financial 3 year plan for review and approval by the Business Leader. The consolidated position will be discussed with the Chief Executive and the Group Chief Financial Officer with further improvement actions placed on Business Units if appropriate.
- 4.3.2.3 Phase 3 – Finalisation of Business Unit financial plans and the establishment of the rolling budget for the next financial year. The final plan will document key assumptions, dependencies and milestones for review in the following year. The final output of Phase 3 will be presented to the Board for approval.
- 4.3.3 Group Finance will distribute the mandatory SBP pack annually, in time for SBP Phase 1. Business Leaders may add supplementary information to support presentation of their SBP. The Finance Manual contains further information on SBP.
- 4.4 Core Process 2 – Client Relationship Management (CRM)**
- 4.4.1 Effective CRM is a key value driver for the Company. We are diverse and we offer a full spectrum of services to ship owners, operators, financiers and other clients and it is essential to understand our customers and key contacts, offer them demonstrated value for money, effectively manage our customer base and be able to measure customer responses to our offering.

- 4.4.2 CRM offers the following minimum information on our key customers and prospects, those that bring in significant annual revenue or are deemed as of strategic importance to the Company:
- 4.4.2.1 Identification by name, ownership structure and country of domicile.
- 4.4.2.2 Identification of key individuals and their current perspective on the Company.
- 4.4.2.3 Identification of current or prospective levels of activity.
- 4.4.2.4 Identification of current financial position and, where appropriate, funding status of Company vessels.
- 4.4.2.5 Contact plan and current status, updated with visit reports.
- 4.4.2.6 Agreed measures of customer satisfaction, date of last customer survey and status of any actions arising.
- 4.4.2.7 A pipeline view of emerging key customer relationships with value of the opportunity, contact plan and stakeholder map.
- 4.4.2.8 Identification of a senior V.Group Executive to act as customer sponsor.
- 4.4.3 Our current CRM process is set out at Annex C (available via V.Net).
- 4.5 Core Process 3 – Commercial Management (CM)**
- 5.5.1 The V.Group is a complex international business managing hundreds of customers through a geographically dispersed network of local entities. The Company aims to maximise business opportunity without being exposed to unnecessary risk. This will be achieved through:
- 4.5.1.1 Clearly defined and documented commercial accountabilities at all levels across the Company.
- 4.5.1.2 Clearly defined and documented delegated authorities at all levels across the Company.
- 4.5.1.3 The Gate Review Process (GRP) for major contract opportunities and any dealings outside the ordinary course of business.
- 4.5.2 The current CM, including the GRP, is set out at Annex D (available via V.Net).
- 4.6 Core Process 4 – Group Trading Framework (GTF)**
- 4.6.1 A fundamental feature of the Company's business model is to sell our full spectrum of marine services to our ship management offices as well as to third party clients.
- 4.6.2 The Company's aim is to enhance our value proposition for our customers through easy access to value for money products and services, supplied on an arms-length basis by V.Group companies.
- 4.6.3 The GTF ensures that:
- 4.6.3.1 Ship Management Offices (SMOs) are fully aware of V.Group company goods and services.
- 4.6.3.2 SMOs can deal quickly and effectively with V.Group cross-sellers.





- 4.6.3.3 SMOs receive quality information to enable them to deal more effectively with customers and to demonstrate that they have been able to enhance the value of the V.Group service.
- 4.6.3.4 V.Group cross-sellers have an opportunity to bid for all available work within the SMOs.
- 4.6.3.5 V.Group cross-sellers receive timely and effective feedback from SMOs so that they can continually improve their customer responsiveness.
- 4.6.3.6 Levels of service required to deal effectively within the V.Group are clearly documented and understood.
- 4.6.4 The current GTF is set out at Annex E (available via V.Net).

4.7 Core Process 5 – Full Spectrum Leadership (FSL)

- 4.7.1 FSL ensures an integrated approach to performance management, resourcing and people development across the Company.
- 4.7.2 It addresses three main areas:
 - 4.7.2.1 Objective setting and performance assessment.
 - 4.7.2.2 Determining appropriate reward and development as a consequence of performance.
 - 4.7.2.3 Individual career potential and the overall strength of our leadership resource.
- 4.7.3 The key elements of FSL are:
 - 4.7.3.1 Performance and Development Review (PDR) is the means by which individual performance is managed across the Company. It is carried out on an annual basis and involves the following core elements:
 - 4.7.3.1.1 A meeting to set business and development objectives for the year.
 - 4.7.3.1.2 A mid-year review to assess progress against objectives.
 - 4.7.3.1.3 An Annual Performance Assessment (APA) of achievement against objectives, of commitment to behaviours in support of the Values, the resulting personal development actions and setting objectives for the following year.
 - 4.7.3.2 Management Resource Review (MRR) is used for succession and development planning to ensure continuity in the availability of suitably qualified and experienced candidates for key management positions. The MRR is held at least annually.
 - 4.7.3.3 Performance Feedback is given initially at the APA and then again when the RRR (see below) has taken place at V.Group level in April and individuals are notified of any change to individual benefits.
 - 4.7.3.4 Reward and Recognition Review (RRR) is an annual review undertaken initially at Company level, coincident with Phase 3 of the SBP and then at Business Unit and individual level, taking into account feedback given at the PDR.
- 4.7.4 The current FSL process is set out at Annex F (available via V.Net).

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