

Corporate Governance Framework



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This framework sets out the corporate governance arrangements in place at the Inoceca Group which have been adopted by the boards of our UK entities (the “Boards”). It outlines the key principles and processes in place that ensure the highest standards of governance remain in place. All Directors carry out their duties and responsibilities in accordance with this framework.

Purpose and Leadership

Inoceca is a leading international marine, defence and industrial group delivering mission critical solutions which positively impact the world by protecting national and economic security, fulfilling acute business needs, and preserving our precious environment. We own and operate companies, facilities and assets which are critical to our clients’ missions. Our purpose is to create long-term value for stakeholders and in order to do this, we need to understand our stakeholders and what matters to them. Our purpose guides all that we do, underpinning our innovative strategy.

The UK Boards set the values for our group companies in line with the Inoceca Group. These values are understood and implemented across the Group including via our top-down communications, policies and standards set. Our values inform the behaviours we expect of our people, contributing to a culture we are proud to be a part of.

Safety

We do not take unacceptable risks. Risk management is key and compliance is instinctive.

Services

Our clients can count on us to deliver a quality service that adds value to theirs.

Integrity

We will always maintain an open and transparent working relationship with our clients.

Teamwork

We endeavour to work as one team towards a common set of clearly defined objectives.

Empowerment

We believe that decisions should be taken at the lowest level practicable.

Equality

We shall not discriminate on the basis of race, colour, religion, gender, disability, age or sexual orientation. We are committed to providing an inclusive and welcoming environment for all our staff.

Our Values

The Boards recognise that culture, values and standards are key contributors to how a company creates and sustains value over the longer term, and to enable it to maintain a reputation for high standards of business conduct. Maintaining high standards is particularly important given the dangers that can present in the shipping environment in which Inoceca operates. We must ensure safety is at the forefront of all that we do; both for our people and the communities we work in. High standards of business conduct guide and assist in decision making by our Boards, and in doing so, help promote our companies success, recognising, amongst other things, the likely consequences of any decision in the long-term and wider stakeholder considerations. The standards set by the Boards mandate certain requirements and behaviours with regards to the activities of the directors, each Company's employees and others associated with the wider Group.

Board Composition

The Boards of our UK companies are composed of directors with a breadth of diversity, skills, experience and knowledge. The composition of these individuals ensures effective leadership for a growing and complex company. The Directors provide constructive challenges which helps the Inoceca Group achieve effective decision-making.

The Boards informally delegate a number of responsibilities and functions to subsidiary boards and management teams. This board structure ensures that decisions are made where the operational expertise and experience is most appropriate. This takes place whilst maintaining appropriate Board approval, oversight and challenge of matters most significant to our UK companies.

The effectiveness and objectivity of the Boards are of the highest importance. Directors are committed to ongoing professional development and seek consultation with independent advisors as required. With their combined broad industry experience and network in the UK, the Directors have ready access to a pool of expert advisors who understand the business and the regulatory framework in which it operates.

Director Responsibilities

The Boards have established an organisational structure with clear reporting procedures, lines of responsibility and delegated authority. The delegations and the use of delegation is regularly reviewed. The Boards are responsible for setting strategy and for overseeing financial and operational performance in line with each Company's strategic objectives. Many of the operational decisions are delegated to senior management teams. Operational matters at subsidiary level are managed by the subsidiary boards, their executive teams and board committees in line with the strategy and culture the Board has set. Delegated matters include cyber security, review of risk and compliance policies, accounting policies, IT and remuneration policies. Regular reporting to the Boards from subsidiaries occurs as well as regular functional experts and management leaders attending Board meetings to provide updates on key matters.

The Boards set the cultural and strategic approach of the business. This approach is cascaded through the Group and implemented locally, at subsidiary board and executive management level via training and codes of conduct.

Subsidiary companies have in place Boards and committees who are composed of experienced, industry experts. These Boards and committees meet on a regular basis and consult both internal and external experts on a range of pertinent topics.

The Boards cultivate strong relationships with key stakeholders so that it is well

placed and sufficiently informed to take their considerations into account when making decisions. This ensures Directors discharge their legal obligations whilst pursuing each Company's strategic objectives.

The UK Companies have outlined in their articles of association and shareholder agreements the principles which govern the affairs of the Company. These include matters relating to authority and powers over decision-making.

The Boards meet regularly to monitor and challenge the performance of each company. Directors ensure decision-useful information is of a high degree of quality and integrity. Board papers and supporting information are accurate, comprehensive, clear, purposeful and provided to Directors in a timely manner to ensure their efficacy.

Opportunity and Risk

The Boards seek to promote the long-term sustainable success of the companies by identifying opportunities to create and preserve value, and establishing oversight of the identification and mitigation of risks. The Board's depth of industry knowledge and experience enables the UK companies to identify and assess opportunities with an understanding of the risks attached.

The Boards have responsibility for the Companies overall approach to strategic decision-making and effective risk management. In doing so, a certain level of risk appetite is determined that guides the approach to decision-making.

With a collective understanding of the level of risk appetite in each Company, the Directors oversee the risks; both present and emerging. The Boards ensures that appropriate management and mitigation steps are taken to ensure the risk profile of each company does not exceed the desired levels. Risks are considered both in terms of their likelihood and the size of their potential impact.

The principal risks and uncertainties faced by the business include financial risks such as credit risks, currency risks, interest rate risks and liquidity risks. Broader risks specific to the business include health and safety, environmental risk, supplier contract risk, risks of maintaining our ISO and Green Marine certifications, maritime cyber risks as well as external threats from industry or market changes. As with many organisations, our companies have had to adapt in the wake of the Covid-19 pandemic. The agility and resilience of

the business has meant that threats such as this have not adversely impacted its long-term sustainability.

Remuneration

The Boards promote executive and wider employee remuneration structures that align to the long-term sustainable success of each company, taking into account wider market factors. Responsibility for advising the Boards on best practices in relation to human resources and remuneration is delegated to subsidiary Board committees.

These committees develop and review HR policies to ensure practices are compliant with local laws and regulations; keep up to date on significant employee issues that might cause a risk or otherwise to the business; determine and agree the philosophy and framework of remuneration policies; review the policy and scope of any share or incentive schemes; as keeping up to date on market data pertaining to remuneration practice and levels.

In all remuneration matters the Boards seek to ensure transparency is sought to build trust from wider stakeholders. Remuneration is designed to clearly reward values and behaviours consistent with our purpose and desired culture.

Stakeholder Relationships and Engagement

The Board seeks to understand the respective interests of stakeholder groups so that these may be properly considered. The Boards do this through various methods, including direct engagement by Board members; and indirect methods via management.

The Directors consider that the following groups are the Group's key stakeholders:

- Employees of our companies
- Customers
- The environment
- Creditors
- Suppliers
- Shareholders

The Boards seek to understand what the priorities and interests of these key stakeholder groups are; engage them to understand their concerns and gain feedback on particular issues; and then use this feedback to influence decisions and actions taken by the Board. Dialogue with stakeholders helps the Board to understand the effects of company policies and practices, predict future developments and trends, and re-align strategy. The Boards seek to understand the views of stakeholders but reserves the right to make the decisions it sees as in the best interests of promoting the long-term sustainable success of our companies.

The workforce of each company is a key priority for the Board, particularly ensuring the safety of our people given the potentially hazardous working environments. There are a range of formal and informal channels that enable meaningful engagement with the workforce to share ideas and concerns with senior management. Engagement provides useful feedback about business practices and helps to support developing the desired culture. Workforce policies and practices are aligned with each Company's purpose and values. There are established clear procedures for raising individual concerns with these being regularly reviewed to ensure they are effective.