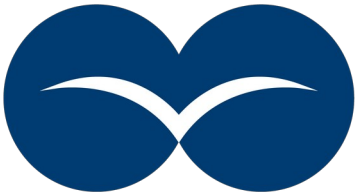

NON-CONFORMANCE, OFI AND CORRECTIVE ACTION MANAGEMENT PROCEDURE

Non-Conformance, OFI and Corrective Action Management Procedure

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Applicable Entities	Seagull Maritime FCZO, Seagull Maritime Malta, Seagull Maritime Nigeria, Seagull Maritime UK, Seagull Offshore

INTRODUCTION

This procedure defines how Seagull Maritime identifies, records, investigates and resolves non-conformances (NCRs), opportunities for improvement (OFIs) and corrective actions (CAPAs) across all management systems and operational activities.

The procedure applies to all Seagull Maritime entities and covers findings from any source including internal audits, external audits, client due diligence reviews, incident and near-miss reports, management reviews, operational observations and compliance awareness campaigns.

This procedure supersedes MSP-A-10 (Corrective Action Prevention Action Procedure), SOP-1020 (Control of Non-conformances Procedure), SOP-1023 (Corrective Action Procedure), and any previous non-conformance or corrective action procedures across all Seagull Maritime entities.

DEFINITIONS

Non-Conformance (NCR)

A failure to meet a requirement of a management system standard, company procedure, regulatory obligation, client contract or applicable law. Non-conformances are graded as Major or Minor based on the severity and systemic nature of the failure.

Major non-conformance

A significant failure that results in, or has the potential to result in, a breakdown of the management system, a regulatory breach, a risk to personnel safety, or a failure to deliver

contracted services. A pattern of minor non-conformances against the same requirement may also be classified as a major non-conformance.

Minor non-conformance

An isolated or limited failure that does not represent a systemic breakdown but requires correction. If left unaddressed, a minor non-conformance may develop into a major non-conformance.

Opportunity for Improvement (OFI)

An identified area where current practice meets minimum requirements but could be improved to increase effectiveness, efficiency or consistency. OFIs are not failures — they are recommendations for enhancement.

Observation

A noted point that does not constitute a non-conformance or improvement opportunity but is recorded for awareness or monitoring purposes.

Corrective Action (CA)

An action taken to eliminate the root cause of a non-conformance and prevent its recurrence.

Preventive Action (PA)

An action taken to eliminate the cause of a potential non-conformance or other undesirable situation before it occurs.

SOURCES OF NON-CONFORMANCES AND OFIS

Non-conformances and OFIs may be identified from any of the following sources:

- Internal audits conducted under the Internal Audit Procedure (SM/INT/PRO/003)
- External certification, surveillance or client audits
- Client due diligence reviews and feedback
- Incident and near-miss reports submitted via the company’s HSE reporting application
- Management reviews
- Operational observations by any employee, contractor or PCASP
- Compliance awareness campaign feedback and reporting
- Regulatory inspections or flag state reviews
- Supplier or subcontractor performance issues

Any employee may identify and report a potential non-conformance or improvement opportunity. Reports can be submitted directly to the Group Compliance Director, via the Compliance Administrator, or through the company’s HSE reporting application.

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RAISING A NON-CONFORMANCE OR OFI

How to Report

Non-conformances and OFIs can be reported through two channels:

- Non-Conformance Report Form (SM/INT/FORM/001) — completed and submitted to the Group Compliance Director or Compliance Administrator
- Company HSE reporting application — for operational incidents, near-misses and field observations

For findings raised during internal or external audits, the auditor will record the finding in the audit report. The Group Compliance Director or Compliance Administrator will then transfer these to the NCR, OFI and CAPA Register (SM/INT/REG/004).

Information Required

All reports must include as a minimum:

- Date the finding was identified
- Source of the finding (e.g. internal audit, incident report, client feedback)
- Clear description of the non-conformance or improvement opportunity
- The requirement that has not been met (for NCRs) — referencing the specific ISO clause, procedure, regulation or contract requirement where known
- Department or operational area affected
- Any immediate action taken to contain the issue

CLASSIFICATION AND GRADING

The Group Compliance Director is responsible for classifying all findings and assigning a grade. Findings are classified as:

- Major Non-Conformance — requires immediate containment action and a formal corrective action plan with root cause analysis
- Minor Non-Conformance — requires a corrective action plan and root cause analysis
- OFI — recorded and tracked, with a recommended action and target date
- Observation — recorded for awareness, no formal action required unless the Group Compliance Director determines otherwise

Where a pattern of minor non-conformances is identified against the same requirement, process or department, the Group Compliance Director may reclassify them collectively as a major non-conformance.

ROOT CAUSE ANALYSIS AND CORRECTIVE ACTION

Root Cause Analysis

For all non-conformances (Major and Minor), a root cause analysis must be conducted. The purpose is to identify why the non-conformance occurred, not just what happened.

Root cause analysis should consider:

- Whether the procedure or instruction was adequate
- Whether training was sufficient
- Whether resources were available
- Whether the requirement was clearly communicated
- Whether there was a systemic or cultural factor

The responsible person identified by the Group Compliance Director conducts the root cause analysis. For major non-conformances, the Group Compliance Director will review and approve the root cause analysis before corrective action planning begins.

Corrective Action Planning

Based on the root cause analysis, a corrective action plan is developed. The plan must include:

- Specific actions to address the root cause
- The person responsible for each action
- Target completion dates
- Evidence required to demonstrate the action has been implemented

Corrective actions must address the root cause, not just the symptoms. Simply restating the requirement or retraining without addressing why the failure occurred is not an acceptable corrective action.

Immediate Containment

Where a non-conformance presents an immediate risk to personnel safety, operational integrity, regulatory compliance or client service delivery, the responsible manager must take immediate containment action to prevent further harm or exposure. Containment actions are recorded alongside the formal corrective action but do not replace the requirement for root cause analysis.

TRACKING AND MONITORING

All non-conformances, OFIs and corrective actions are recorded in the NCR, OFI and CAPA Register (SM/INT/REG/004). The Compliance Administrator maintains the register under the direction of the Group Compliance Director.

Status Lifecycle

Each NCR progresses through the following statuses:

- Open — finding recorded, investigation not yet started
- In Progress — root cause analysis or corrective action underway
- CA Implemented — corrective action completed, awaiting verification
- Verified Effective — verification confirms the corrective action addressed the root cause
- Closed — effectiveness review completed and finding formally closed

OFIs follow a simplified lifecycle: Open → In Progress → Completed → or Not Pursued (with justification recorded).

Target Dates and Escalation

All corrective actions must have a target completion date. Target dates are set by the Group Compliance Director based on the severity and risk of the finding.

If a corrective action is not completed by its target date, the following escalation applies:

- Minor NCR overdue: the Group Compliance Director follows up with the responsible person and agrees a revised date. If the revised date is also missed, the matter is escalated to the CEO.
- Major NCR overdue: the Group Compliance Director escalates immediately to the CEO. Continued failure to close a major NCR will be reported at the next management review.

The Compliance Administrator monitors target dates and alerts the Group Compliance Director to any approaching or overdue items.

VERIFICATION AND CLOSURE

Verification of Corrective Action

Once a corrective action has been implemented, the Group Compliance Director (or delegated auditor) verifies that:

- The corrective action has been implemented as planned
- Evidence of implementation exists and is filed
- The root cause has been addressed

Verification must be performed by someone other than the person who implemented the corrective action.

Effectiveness Review

An effectiveness review is conducted at a defined interval after verification (typically 3 months for major NCRs, 1 month for minor NCRs) to confirm that the corrective action has prevented recurrence of the non-conformance.

If the effectiveness review identifies that the non-conformance has recurred or the corrective action was insufficient, a new NCR is raised and the investigation process restarts.

Closure

A finding may only be closed by the Group Compliance Director once:

- The corrective action has been verified as implemented
- The effectiveness review confirms the root cause has been addressed
- All evidence is filed in the register

The closure date is recorded in the NCR, OFI and CAPA Register (SM/INT/REG/004).

PREVENTIVE ACTION

Where analysis of NCR trends, OFI patterns, incident data or operational intelligence identifies potential non-conformances before they occur, preventive actions may be raised.

Preventive actions are recorded in the NCR, OFI and CAPA Register and follow the same tracking and closure process as corrective actions.

The Group Compliance Director reviews the register at least quarterly to identify systemic trends and determine whether preventive action is required.

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ROLES AND RESPONSIBILITIES

Group Compliance Director

- Owns this procedure and the NCR/OFI/CAPA process
- Classifies and grades all findings
- Approves root cause analysis for major non-conformances
- Assigns responsibility and target dates for corrective actions
- Conducts or delegates verification of corrective actions
- Conducts effectiveness reviews
- Approves closure of all findings
- Reports NCR/CAPA status to management review
- Reviews trends and determines preventive action

Compliance Administrator

- Maintains the NCR, OFI and CAPA Register (SM/INT/REG/004)
- Monitors target dates and alerts the Group Compliance Director to overdue items
- Supports the preparation and distribution of Non-Conformance Report Forms
- Assists with evidence collection and filing

QHSE Manager (When appointed)

Once in post, the QHSE Manager will assume operational responsibility for ISO 9001 and ISO 45001 related non-conformances, including:

- Conducting root cause analysis for quality and H&S findings
- Managing corrective actions within their scope
- Performing verification under the direction of the Group Compliance Director

The Group Compliance Director retains oversight and closure authority for all findings regardless of scope.

Department Managers and Responsible Persons

- Conduct root cause analysis for findings within their area
- Develop and implement corrective action plans within agreed target dates
- Provide evidence of implementation to the Group Compliance Director or Compliance Administrator
- Cooperate with verification and effectiveness reviews

All Employees

- Report potential non-conformances, incidents and improvement opportunities via the company's HSE reporting application or directly to the compliance function
- Cooperate with investigations and implement corrective actions as required

REPORTING

The Group Compliance Director reports the status of the NCR/OFI/CAPA programme to management review, including:

- Number of open, in progress and overdue findings
- Summary of major non-conformances and their status
- Trend analysis identifying systemic or recurring issues
- Effectiveness of corrective actions taken
- Recommendations for preventive action

The NCR, OFI and CAPA Register dashboard provides a real-time summary of all findings for ongoing monitoring.

RELATED DOCUMENTS

- Internal Audit Procedure (SM/INT/PRO/003)
- Control of Documents Procedure (SM/INT/PRO/002)
- NCR, OFI and CAPA Register (SM/INT/REG/004)
- Non-Conformance Report Form (SM/INT/FORM/001)
- Document Register (SM/INT/REG/001)

REVIEW

This procedure shall be reviewed at the frequency defined in the Document Register (SM-INT-REG-001), or earlier if a significant change occurs that affects the management of non-conformances, corrective actions or improvement opportunities within Seagull Maritime.