Introduction to JIG Common Process and Management System Best Practice

Last Updated 2nd May 2013
Introduction

• This presentation is in 2 parts and is intended for
  – Associate Members
  – JV Representatives
  – Site Managers

• Part 1 explains why the JIG Common Processes are being developed.

• Part 2 introduces the JIG Management System Best Practice.
Part 1 – Why JIG Common Processes?
Why JIG Common Processes?

- There are currently over 2500 sites around the world that follow the JIG Guidelines which are internationally recognised standards for delivering on-specification aviation fuel safely to airline customers through aviation fuel storage, hydrant and intoplane fuelling operations.

- The JIG Common Process Committee was formed in 2009 since JIG recognised that it could add further value to Joint Venture (JV) operations by providing additional guidance on risk management in non-commercially sensitive areas which are common to most JVs (e.g. HSSE, core principles, stock control procedures).

**Benefits of JIG Common Processes:**

- **Provide JVs with best practice guidance on continuous improvement of risk management in six key areas of their JV business** (Quality, HSSE, Financial Control, People, Customer Service and Legal Compliance);

- **Save JV Managers and Participant Representatives time** by avoiding each JV having to develop all their own processes from scratch;

- **Continuously improve assurance and governance of JV activities for the benefit of all parties:** Operators, JV Managers and JV Management Teams, Participant Representatives, Shareholders and airline customers.
• To identify and prioritise processes and issues that are common to joint storage and refuelling operations and which could be solved by JIG.

• To develop common processes and potential solutions to Joint Venture issues and administrative tasks.

• To establish and oversee working groups as necessary to assist in the development of common processes and potential solutions to common issues.

• To submit agreed solutions and processes to Council for review and communication to all Members.
Part 2 – Introducing the JIG Management System Best Practice
JIG Common Process – 6 Key Themes

- JIG Common Processes fall into one of six key themes for management of JV operations:
  1. Quality/Continuous Improvement
  2. HSSE
  3. Financial Control & Administration
  4. People
  5. Customer Service
  6. Legal Compliance

A safe, reliable and competitive business needs to meet minimum standards in each of these six areas to have a successful and sustainable business.
Together the six JIG Common Process Themes make up a standard JIG Management System Best Practice which JVs can use to drive continuous improvement in risk management of their business.

JIG has prioritised a number of Common Processes to assist JV Managers, JV Representatives and JV Participants with continuously improving risk management in JVs.

- JIG Management System (including HSSE)
- Business Risk Assessment
- Business Principles (including ABC, AML and International Trade Restrictions)
- Financial Control & Administration
- Stock Accounting
- JV Core Principles
- Aircraft Refuelling Indemnity (Tarbox) Agreements
- Standard JV Agreements

The following slides show the status (complete or work in progress) of the Common Processes currently sanctioned by JIG for development.
# 1. Quality Management / Continuous Improvement

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Strategic Objective (What Good Looks Like)</td>
<td>Objective to provide an overarching management system which manages change and drives continual improvement in the risk management and performance of the business within clear boundaries and strategic objectives set by the Participants.</td>
</tr>
</tbody>
</table>
## 2. HSSE

### Strategic Objective (What Good Looks Like)

Objective to drive continuous improvement in HSSE performance towards a goal of: no accidents, no harm to people and no damage to the environment.


### JIG Common Process - Approved & Available for Use

CP 2.01 JIG HSSE Management System (HSE Working Group) - Complete JIG Bulletin 32 March 2010 (Ref also JIG Bulletin 46 and 47)
### 3. Financial Control

#### Management System Elements (6 Themes: Quality/Continuous Improvement, HSSE, Financial Control, People, Customer Service, Legal Compliance)

#### Financial Control: Finance Control & Accounting (including Delegation of Authorities, Maintain Asset Register, Procurement Process, Revenue Annual Budget and 5 Year Capital Plan Approval and Control, Shareholder and 3rd Party Loan Approval and Control, Tax, VAT, Profitability and Dividend Policy, Statutory Accounts, External Audit, Stock Accounting System, Sales Delivery Ticket Data Capture System, Payroll & Pension Scheme Administration)

#### Strategic Objective (What Good Looks Like)

Objective to maintain financial controls which are designed to comply with statutory requirements, maintain Participants’ financial assets, deliver continual improvement in financial performance as defined by Participant KPIs (such as: Capital Investment, Return On Capital, Minimise Working Capital Requirement, Optimise Cost Efficiency for Competitiveness).

#### JIG Common Process - Approved & Available for Use


#### JIG Common Process - Sanctioned for Development / Work In Progress

NEW JIG Bulletin 62 & 63 May 2013
4. People

Management System Elements (6 Themes: Quality/Continuous Improvement, HSSE, Financial Control, People, Customer Service, Legal Compliance)

<table>
<thead>
<tr>
<th>Strategic Objective (What Good Looks Like)</th>
<th>People: HR Policies &amp; Procedures (Organisation with Job Description Accountabilities, Resource Levels, Recruitment, Competency Assessment, Training, Development, Employment Contract Terms &amp; Compensation, Other Policies, compliant with Local Employment Law)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective to maintain a highly competent and motivated workforce providing safe, reliable and competitive service to JV Participants and 3rd Parties. Good Industrial Relations process built on mutual respect and trust.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>JIG Common Process - Approved &amp; Available for Use</th>
<th>No JIG Guidelines currently sanctioned.</th>
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</thead>
<tbody>
<tr>
<td>JIG Common Process - Sanctioned for Development / Work In Progress</td>
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</tbody>
</table>

CP 0.03 v0.3 020513 Intro to JIG Common Process & Management System Best Practice.ppt  Doc Owner JIG CP Committee 2nd May 2013 12
### 5. Customer Service

<table>
<thead>
<tr>
<th>Management System Elements (6 Themes: Quality/Continuous Improvement, HSSE, Financial Control, People, Customer Service, Legal Compliance)</th>
<th>Customer Service: Service Level Requirements (e.g. Related Services such as switch and valve operation)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Objective (What Good Looks Like)</td>
<td>Objective to deliver each User’s contractual commitments such as Additional Services and be Customers / Users preferred service provider by providing levels of service which meet or exceed Customer / User Service Requirements at a cost that is competitive with alternatives.</td>
</tr>
<tr>
<td>JIG Common Process - Approved &amp; Available for Use</td>
<td>No JIG Guidelines currently sanctioned.</td>
</tr>
<tr>
<td>JIG Common Process - Sanctioned for Development / Work In Progress</td>
<td></td>
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</tbody>
</table>
## 6. Legal Compliance

<table>
<thead>
<tr>
<th>Management System Elements (6 Themes: Quality/Continuous Improvement, HSSE, Financial Control, People, Customer Service, Legal Compliance)</th>
<th>Legal Compliance (Statutory and Commercial Legal Agreements)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategic Objective (What Good Looks Like)</strong></td>
<td>Objective: to comply with the law and the terms of commercial legal agreements made between JV Participants &amp; with 3rd parties (e.g. airport lease, throughput, Tarbox indemnity agreements, Insurances).</td>
</tr>
</tbody>
</table>

### JIG Common Process - Approved & Available for Use


### JIG Common Process - Sanctioned for Development / Work In Progress

- CP 8.?? Standardised JV Agreements. Avilable in draft form 1Q12.
• Together the six JIG Common Process Themes make up a standard JIG Management System Best Practice which JVs can use to drive continuous improvement in risk management of their business.

• A JIG Common Process can be used as a best practice template to develop a JV specific process or manual (in line with the JV’s own governing agreements).

• The JIG Common Process’ are not intended to replace Participants’ own company operating standards where they have been adopted by a JV (e.g. where a Participant is the JV Operator). However, they may be of assistance in providing assurance on the JV’s Management System to other JV Participants (see Appendix for further detail on JV Assurance).
### JIG Common Processes (2010 – 2014)

JVs to Develop Phased Implementation Plan

This diagram can be found in CP 4.02 JIG Management System Best Practice.xls workbook.

Each JV Board / Management Committee is recommended to develop its own risk-based implementation plan and ensure there are sufficient resources available to the JV to successfully implement relevant Common Processes. Embedded Common Processes will then become part of the JV’s ongoing Assurance & Governance Programme.

#### JIG Management System Best Practice - Outline JIG Common Process JV Implementation Plan

<table>
<thead>
<tr>
<th>MS Theme</th>
<th>Common Process</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015+</th>
<th>JIG Recommended Priority for Resourcing for Implementation</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality / Continuous Improvement</td>
<td>Business Risk Assessment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Priority 2</td>
</tr>
<tr>
<td>HSSE</td>
<td>HSSE Management System</td>
<td>G*****</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Priority 1</td>
<td>Gap analysis by end 2010. HSSE MS audit 3 yearly timing varies to suit each</td>
</tr>
<tr>
<td>Financial Control</td>
<td>Financial Control &amp; Administration</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Priority 3</td>
</tr>
<tr>
<td></td>
<td>Stock Accounting Guideline</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Priority 3</td>
</tr>
<tr>
<td>Legal Compliance</td>
<td>JV Core Principles</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Priority 1</td>
</tr>
<tr>
<td></td>
<td>Tarbox Indemnity Agreements</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Priority 2</td>
</tr>
</tbody>
</table>

**Key**

- **P • G •** Common Process Planned (P) / Issued (C). Plan to embed by end 2014. Timing based on JV risk and resources.
- **P** Common Process embedded and included in the JV’s Business Internal / External Audit Cycle
- **G** External Audit (by Participant or 3rd Party) (at frequency set by statutory requirements or the JV Board / ManCom)
- **●** Internal Audit (by JV own staff) (at frequency determined by the JV Board / Management Committee)

Common Process issue dates updated 2/5/13
Appendix – Optional Backup Slides

Appendix
Why is JV Assurance & Governance important to JVs?

- Strong Assurance and Governance processes provide assurance to JV Managers, Directors / Participant Representatives that the systems we think we have in place to prevent things going wrong are in place and are working effectively.
- By preventing things going wrong and avoiding loss we have more time and resources to further improve existing plant, process and people to further reduce the risk of things going wrong and therefore continuously improve the performance of our business.

How does the JIG Management System Best Practice simplify JV Assurance & Governance?

- The JIG Management System Best Practice provides a standard interface for mapping JV and Participant’s Management Systems.
- Each JV only has to map its Management System once.
- Each Participant only needs to map its Management System once for all its JVs.
Participant Assurance – how to improve efficiency and avoid duplication?

Fig 1 Currently JV Participant Assurance is Inefficient due to Individual Management Systems

JV Managers receive many different requests for assurance – this is inefficient!
JIG Management System Best Practice – a standard interface simplifying assurance for all parties

Fig 2 JIG Management System (MS) Would Make Participant JV Assurance More Efficient

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>3.00</td>
<td>Financial Control: Finance Control &amp; Accounting (including Delegation of Authorities, Maintain Asset Register, Procurement Process, Revenue Annual Budget and 5 Year Capital Plan Approval and Control, Shareholder and 3rd Party Loan Approval and Control, Tax, VAT, Profitability and Dividend Policy, Statutory Accounts, External Audit, Stock Accounting System, Sales Delivery Ticket Data Capture System, Payroll &amp; Pension Scheme Administration)</td>
</tr>
<tr>
<td>4.00</td>
<td>Customer Service: Service Level Requirements (e.g. Additional Services)</td>
</tr>
<tr>
<td>5.00</td>
<td>People: HR Policies &amp; Procedures (Organisation with Job Description Accountabilities, Resource Levels, Recruitment, Competency Assessment, Training, Development, Employment Contract Terms &amp; Compensation, Other Policies, compliant with Local Employment Law)</td>
</tr>
<tr>
<td>6.00</td>
<td>Legal Compliance (Statutory and Commercial Legal Agreements)</td>
</tr>
</tbody>
</table>

Each JV now only has to map its management system once! Each Participant only has to map its mgt system once for all its JVs!
<table>
<thead>
<tr>
<th>JV’s STRATEGIC THEMES</th>
<th>JV’s STRATEGIC OBJECTIVES (WHERE WE WANT TO BE)</th>
<th>CURRENT INITIATIVES (MEASURABLE STEPS TOWARDS JV’S STRATEGIC OBJECTIVES)</th>
<th>3-5 Year Plan</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Quality (Management System)</td>
<td>Continuous Improvement (Plan -&gt; Perform -&gt; Measure -&gt; Improve)</td>
<td>This Continuous Improvement Plan regularly reviewed by JV Board / Management Committee vs Strategic Objectives</td>
<td>5</td>
<td>100%</td>
</tr>
<tr>
<td>2. HSSE (Health, Safety, Environment)</td>
<td>No Accidents, No Harm to People</td>
<td>Incidents and Near Misses reported and investigated to identify corrective/preventative actions to prevent recurrences and share lessons learned.</td>
<td>10</td>
<td>100%</td>
</tr>
<tr>
<td>3. Financial Control</td>
<td>No Damage to the Environment</td>
<td>JIG HSSE Stats reported on time.</td>
<td>5</td>
<td>50%</td>
</tr>
<tr>
<td>4. Customer Service</td>
<td>Protect Health of Employees</td>
<td>JIG Management System (3 yearly audit complete and improvement actions monitored to completion.</td>
<td>5</td>
<td>25%</td>
</tr>
<tr>
<td>5. People</td>
<td>No Breaches of Security</td>
<td>Site Security Reviews / Assessments up to date.</td>
<td>10</td>
<td>50%</td>
</tr>
<tr>
<td>6. Legal Compliance</td>
<td>Financial Control</td>
<td>Site Security Reviews / Assessments up to date.</td>
<td>5</td>
<td>50%</td>
</tr>
<tr>
<td>7. Customer Service</td>
<td>Continuous Improvement of Financial Performance vs KPI Targets (Operating Costs, Capital Investment Efficiency)</td>
<td>Continuous Improvement of Financial Performance vs KPI Targets (Operating Costs, Capital Investment Efficiency)</td>
<td>5</td>
<td>50%</td>
</tr>
<tr>
<td>8. Customer Service</td>
<td>Provide a distinctive level of service / be airline</td>
<td>Operating costs (Opex) within budget</td>
<td>5</td>
<td>50%</td>
</tr>
<tr>
<td>9. Customer Service</td>
<td>Ensure airline/shareholder service levels are understood and met</td>
<td>Capital Investment (Capex) with budget.</td>
<td>5</td>
<td>50%</td>
</tr>
<tr>
<td>10. People</td>
<td>Provide effective leadership and maintain open, consultative culture committed to delivery of Quality</td>
<td>JIG specific initiative - may take &gt; 1 year to complete.</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>11. Legal Compliance</td>
<td>Develop management team to enhance performance and succession planning.</td>
<td>JIG specific initiative - may take &gt; 1 year to complete.</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>12. Legal Compliance</td>
<td>Establish and maintain open, consultative culture committed to delivery of Quality</td>
<td>JIG specific initiative - may take &gt; 1 year to complete.</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>13. Legal Compliance</td>
<td>Provide safe and healthy working environment</td>
<td>JIG specific initiative - may take &gt; 1 year to complete.</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>14. Legal Compliance</td>
<td>Compliance with Statutory Requirements (Operations, Financial, Competition Laws)</td>
<td>JIG specific initiative - may take &gt; 1 year to complete.</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>15. Legal Compliance</td>
<td>Compliance with JV Agreement</td>
<td>JIG specific initiative - may take &gt; 1 year to complete.</td>
<td>0</td>
<td>0%</td>
</tr>
</tbody>
</table>

- 1 page, multi-year, Continuous Improvement Plan
- Balanced overview of the JV’s 6 Strategic Themes to ensure minimum standards are met in all 6 themes areas.
- JV’s current initiatives deliver continuous improvement in each of the JV’s 6 Strategic Themes.
- Alignment on JV priorities between Board/Management Committee, JV Manager and JV Management Team.
- Opportunity to delegate individual JV initiatives to JV staff for personal development and allow individuals to make a personal difference to the future of their JV business.
- JIG Common Process help identify priority initiatives for improvement.
JIG HSSE Management System (JIG Bulletin 32 March 2010)

- JIG has developed a guidance document to assist JVs develop their own HSSE Management System (HSSEMS).
- An HSSEMS describes the system used by a JV to manage Health, Safety, Security and Environmental matters.
- The JIG HSSEMS Guidelines will aid the translation of a JV’s vision, policy and goals into continually improving HSSE performance.
- It is a high level document which is supported by a range of detailed initiatives.
- By setting a clear expectation of minimum Health, Safety, Security and Environmental requirements the management system provides a structure for the identification and prioritisation of HSSE risks.
- The HSSEMS in itself will not prevent accidents or incidents but should be used to aid the promotion of a culture where consideration of Health, Safety, Security and the Environment is primary.

JIG Bulletin 32 requires all JVs to complete an HSSEMS gap analysis by end 2010.
Core Principles for JVs and Throughput Sites (JIG Bulletins 33, 34, 41, 42) (Competition Law Guidelines for JV Operations)

- The JV Core Principles were introduced in July 2008 to give JVs providing aviation fuel storage, hydrant and/or into-plane fuelling services clear competition law guidance on controlling and containing the flow of sensitive information.

- The JIG JV Core Principles document details JIG recommended practice for implementing and maintaining the JV Core Principles.

- It is recommended that every JV adopts the JIG JV Core Principles to demonstrate a controlled process for handling sensitive information.

- The JV Core Principles Documents are standard form documents and it is recommended that they are adopted and executed between the parties without revision to ensure consistency across the industry.

- In scope JVs are to complete annual refresher training and a self-audit to confirm compliance (using JIG’s Core Principles training package for Management Staff and Operators and Self Audit Form).

  - **Confirm compliance by end October 2011 and annually thereafter.**

- In 2011, JIG Bulletin 42 broadened scope to include Core Principles for Throughput locations.

  - **Adopt Core Principles, complete training and self-audit by end June 2012. Confirm full compliance by end October 2012 and annually thereafter.**
1. Quality / Continuous Improvement
2. HSSE
3. Financial Control
4. People
5. Customer Service
6. Legal Compliance

Scalable jpg picture

Original power-point components