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Contents

Chapter 1: REQUEST TO OBTAIN DISTINCTION.....	3
Article 1.1 Members of the The Label commission	3
Article 1.2 Application file	3
a) identity of the yacht or villa, agency and the captain and/or manager requesting distinction	4
b) yacht or villa's or Villa activity from the previous 2 years	4
c) commercial success from the previous 2 years	4
d) latest refurbishment and embellishment work performed	4
e) latest investments made and expected benefit ...	4
f) ranking report and classification checklist.....	4
g) record explaining how the assessment criteria in the appendix are met within the yacht or villa.....	4
h) agreement to allow the visit of up to four member of the commission within six months from the transmission of the complete file and to cover the costs related to their visit.....	4
Article 1.3 Request for renewal of distinction	4
Article 1.4 Eligibility requirements.....	4
CHAPTER 2: INSTRUCTION PHASE CONDUCTED BY THE OFFICE	5
Article 2.1 Candidate eligibility evaluation.....	5
Article 2.2 Report of eligible and non-eligible candidates	6
CHAPTER 3: CANDIDATE EXAMINATION PROCEDURE CONDUCTED BY THE COMMISSION	6
Article 3.1 Visit on-site.....	6
Article 3.2 Hearing of the operations management.....	7
Article 3.3 The vote	7
CHAPTER 4: THE DECISION ON AWARDING OR REJECTING THE LABEL DISTINCTION	8
Article 4.1 Awarding distinction	8
Article 4.2 Rejecting distinction.....	8





Article 4.3 Re-applying after rejection	9
Article 4.4 Withdrawal.....	9
CHAPTER 5: THE LABEL COMMISSION	10
Article 5.1. Responsibilities and obligations.....	10
Article 5.2. Conflict of interest	10
Article 5.3. Meeting attendance	11
Article 5.4 Supplementary expert opinion	11
Article 5.5 Resignation and exclusion of membership .	11
APPENDIX: ASSESSMENT CRITERIA	12
I. The character and uniqueness of the yacht or villa .	12
II. The distinguishing design of the yacht or villa	12
III. The aesthetics and outstanding quality of the material.....	12
a) presenting a voluminous and sophisticated space	13
b) co-operation with renowned interior designers ...	13
c) exclusive art and flower decoration	13
d) use of noble material.....	13
e) prestige	13
f) quality, origin and fabric of the bedroom and bathroom linen and hospitality	13
products provided.....	13
IV. Tailored service	13
V. Service consistency	13
VI. The speed of service.....	13
VII. The teams' motivation for excellence	14
VIII. Actions regarding sustainable development	14
IX. Economic indicators that differentiate service excellence	14





Chapter 1: REQUEST TO OBTAIN DISTINCTION

The director of label awards the Distinction The Label for three years based on a mutual agreement by the The Label commission. The examination procedure consists of an instruction phase carried out by the office to decide on the eligibility of the application file, following a visit on-site and a hearing of the operations management, both of which are conducted by the The Label commission. The result of these actions will form a basis for an analysis of the assessment criteria, based on the elements that distinguish the yacht or villa and make it unique, which will conclude the commission's decision on awarding or rejection of the distinction. The assessment criteria includes the interior and exterior design and its quality, the level of service provided on board, the actions undertaken regarding sustainable development and the economic indicators differentiating service excellence. The assessment criteria are detailed in the appendix.

Article 1.1 Members of the The Label commission

The commission consists of: member of the commission
link : <https://www.palacestatus.com/the-commission> The director of label appoints the commission chairman and substitute from among the qualified people. The chairman will position as the commission's administrator and carry out all the administrative tasks within the commission.

The functions and obligations related to the commission's assignments are detailed in Chapter 5.

Article 1.2 Application file

The candidate yacht or villa transmits its request for distinction to the Office. The website PALACE Status provides the application file which includes the following elements:





- a) identity of the yacht or villa, agency and the captain and/or manager requesting distinction
- b) yacht or villa's or Villa activity from the previous 2 years
- c) commercial success from the previous 2 years
- d) latest refurbishment and embellishment work performed
- e) latest investments made and expected benefit
- f) ranking report and classification checklist
- g) record explaining how the assessment criteria in the appendix are met within the yacht or villa
- h) agreement to allow the visit of up to four member of the commission within six months from the transmission of the complete file and to cover the costs related to their visit

Article 1.3 Request for renewal of distinction

In case a yacht or a villa that's already given this prestigious status wishes to request for renewal of its distinction, the application must be sent to the office at the latest four months before the current distinction validity expires. The renewal request is examined according to the same procedure as in an initial request, described in Chapters 1 to 3.

Article 1.4 Eligibility requirements

The candidate yacht or villa's eligibility is defined by certain conditions set by the label which must be met in order to proceed in the examination of the candidate's application file. A candidate yacht or villa is able to apply for distinction if the following conditions are met: the yacht or villa has started its activity a minimum of 10 months ago, it meets all the compulsory criteria in the The Label classification checklist and it must provide at least two cabins with a minimum surface area of 25m² (containing sanitary facilities).

The compulsory criteria described in the classification checklist are provided on pages 12-16 on the application file. These criteria set the standards for distinguished luxury yacht or villa and consist of the required elements the yacht or villa must provide. The required elements are





divided into four categories and are listed under following numbers: the equipment 1-103, customer service 104- 160, and sustainable development 161-165. The criteria in this classification checklist must be met to gain access to the The Label distinction.

CHAPTER 2: INSTRUCTION PHASE CONDUCTED BY THE OFFICE

The evaluation of a candidate yacht or villa begins with an instruction phase where the office will have to examine if the application file is in compliance with the conditions required for obtaining distinction, mentioned under article 1.4, in order to proceed in the assessment of the candidate's application.

Article 2.1 Candidate eligibility evaluation

Upon receiving a completely filled application file, the office acknowledges the reception by issuing the candidate yacht or villa an acknowledgment letter in writing or by electronic means. If the application file is incomplete, the office will send a request for additional information specifying the missing documents. This acknowledgement letter or request will be in written or electronic form and is sent within 15 days of receiving the application file.

During this instruction phase, starting from the date of receiving the complete application file, the office has a period of four weeks to decide on the eligibility of the candidate yacht or villa. If the conditions detailed in article 1.4 are met, the examination procedure is then followed by a visit on-site conducted by two auditors. The office will contact the eligible candidate within 14 days after the four- week eligibility examination period has expired to organize this visit which will be introduced in article 3.1.

The ineligible candidate shall also be notified of the rejection within these 14 days. This happens by a letter indicating the reason for denial as well as the time limits and means of appeal.





Article 2.2 Report of eligible and non-eligible candidates

During the instruction phase, the office creates a report of the eligible candidate yacht or villa including how the assessment criteria in the appendix are fulfilled by the yacht or villa, based on the candidate's record attached in the application file. This report is forwarded to the members of the commission and will additionally include a list of the non-eligible candidates. Forwarding this report takes place no later than 30 days before the commission meeting led by the chairman. Each member of the commission is allowed access to all the documents contained in the application files.

CHAPTER 3: CANDIDATE EXAMINATION PROCEDURE CONDUCTED BY THE COMMISSION

After the office has conducted its examination on eligibility, the The Label commission will begin to prepare for an on-site visit and a hearing within the operations management before forming its conclusion based on an analysis of the assessment criteria.

Article 3.1 Visit on-site

The next step after the instruction phase carried out by the office is appointing four auditors from among the qualified members of the commission to visit the candidate yacht or villa. The chairman of the commission is in charge of selecting the suitable auditors before holding the meeting mentioned in article 2.2. The visit is required to be a minimum of 7 hours, after which the assigned auditors will then create a written report of their findings in detail responding to a structure defined by the administrator. This report will be transmitted to the commission members for examination at the latest 14 days before the The Label commission will gather for the meeting mentioned under article 2.2. The auditors will take into consideration each of the assessment criteria in the appendix, indicating the essential characteristics on-site. During their visit, the auditors respect the code of





conduct in terms of ethics and professional demeanor set by the administrator.

The procedures and evaluation guidelines related to the visit are defined by the administrator and sent in advance to the eligible candidate yacht or villas. The costs associated with the visit on-site are assumed by the candidate yacht or villa on supporting documents that are formed in conformity with the conditions defined by the administrator and are provided in the application file.

Article 3.2 Hearing of the operations management

The auditors' report will be examined by the commission in order for the evaluation to proceed to a hearing between the members of the commission and the operations management of the candidate yacht or villa. The operations management consists of the yacht or villa captain, chief steward and Head Kitchen chef, voluntarily including the participation of the manager as well. Each of the operations management personnel will be offered the possibility of being accompanied or represented by any other person of their choice. The hearing lasts no longer than maximum twenty minutes. Once the hearing is over, the candidacy is then discussed within the members of commission and concluded in an analysis based on the auditors' report and assessment criteria, followed by a vote on awarding or rejection of distinction.

Article 3.3 The vote

The awarding or rejection of The Label distinction is based on the commission's overall analysis on the assessment criteria set out in the appendix. After having examined the application file, the commission's decision is based on a vote by its members by show of hands and is delivered by an absolute majority of the votes validly cast. In the event of a tied vote, the chairman's vote is decisive. Members who cannot attend the vote in person may participate and vote by videoconference. The commission can only validly deliberate when at least 60% of the members are present physically or by videoconference.

In case of unanimous vote of the members, the chairman of the commission has the right to decide on another visit





to be carried out on-site. The chairman shall inform the candidate within seven days following this meeting.

This visit is carried out within 60 working days following the vote and the member to conduct this visit is assigned at this meeting by an absolute majority of the votes. It cannot be the auditors who carried out the first visit. Once the visit has been completed, a new meeting is organized at the latest the sixtieth working day following the first meeting.

The commission's decision for each application is concluded in a record attached to the audit reports and sent by the chairman to the director of label within 48 hours following the decision. The chairman's signature validates these records and it is the administrator's responsibility to ensure compliance with these provisions.

CHAPTER 4: THE DECISION ON AWARDING OR REJECTING THE LABEL DISTINCTION

The director of label will award the distinction for 3 years and the chosen candidate yacht or villa will be informed of this favorable decision. The rejected candidate will equally be informed.

Article 4.1 Awarding distinction

After the vote, the office will inform the distinguished yacht or villa of the decision for awarding distinction. The office is also responsible to publish an updated list of the distinguished luxury yacht or villas on its website and on partner media.

The distinguished yacht or villas can display on their communication channels a logo which shall conform to the label. The image can be consulted in the media kit of the PALACE Status web page.

The graphic charter of the logo can be downloaded from the page Media Kit

Article 4.2 Rejecting distinction

The office will notify the rejected candidate by sending a letter indicating the reason for rejection, the time limits and means of appeal and offering the possibility to





organize a new visit on-site and this way give the candidate a chance to rectify the failure that caused the rejection. If the candidate does not respond to this offer within four months, it is considered as refusal of distinction and the examination procedure of said candidate will be terminated.

Article 4.3 Re-applying after rejection

It is possible for a candidate yacht or villa to submit its application file again after being rejected of distinction. In case of submitting a new application, it is not compulsory to communicate the material concluding the candidate's eligibility presented in the instruction phase. There are no restrictions on how many times an application file can be submitted. If necessary, the chairman of the commission requires the candidate yacht or villa to provide the additional elements essential for the commission to re-examine the application file. The procedure for examining the application file goes by the same rules as mentioned in Chapters 1 to 3.

Article 4.4 Withdrawal

The director of label is given the right to withdraw the The Label distinction on mutual agreement within the commission presented under article 1.1 in case of non-compliance with the conditions required to maintain the The Label status, or non-renewal of the yacht or villa's classification in this prestigious category. The distinction renewal procedure is described in article 1.3.

In case of non-compliance with the eligibility conditions, the office will notify the captain and/or management of the distinguished yacht or villa by a registered letter with acknowledgment of receipt, mentioning a two-month time period to rectify this failure of eligibility. If the failure hasn't been corrected within two months of receiving the notification letter, the director of label withdraws the The Label distinction.

The withdrawal cannot be decided without the captain and/or manager having been informed in advance and invited to be heard by the commission, either personally or by a representative of their choice. This withdrawal decision is notified to the captain and/or manager, it is reasoned and specifies the time limits and means of appeal.





Upon receiving the withdrawal notification, the captain and/or manager ceases all use of the The Label distinction as well as of the logo mentioned in article 4.1. The yacht or villa is then removed from the list of distinguished luxury yacht or villas carrying this status, published on the website PALACE Status and media partners.

CHAPTER 5: THE LABEL COMMISSION

The commission members responsible for the examination of candidate applications are subject to the obligation of discretion with regard to all facts, information, documents and decisions which they have knowledge of while fulfilling their duties as members of the The Label commission.

Article 5.1. Responsibilities and obligations

The chairman of the commission is responsible for setting the agenda for each meeting. The meeting agenda, as well as the documents mentioned in article 1.2, are included in all meetings.

The meetings are only to be held amongst its members and all information is held strictly confidential.

The duties within commission are all carried out free of charge and all members agree to declare to the administrator their roles and interests they might have within the candidate yacht or villa applying for the The Label distinction, in addition to declaring all direct or indirect connections within the candidate yacht or villa. The members are forbidden to receive any benefits from the candidate's side that could be granted to them in their role as members of the commission.

Commission membership ends as a result of resignation or death.

The administrator is responsible for ensuring compliance with all these provisions.

Article 5.2. Conflict of interest

The members are prohibited from taking part in the examination and decisions related to an application file





of a candidate yacht or villa in case they have any interest, direct or indirect, within this candidate. If a conflict of interest arises between the chairman and a candidate, the chairman's duties are executed by his/her substitute.

Article 5.3. Meeting attendance

Any member who cannot be present in the meeting either physically or by videoconference must immediately inform the chairman. If the chairman is absent or prevented from attending, his functions are assumed by the substitute.

The members meet as required to review the The Label application files. The administrator guarantees that the meeting agendas and all related information are sent to the members of the commission.

Article 5.4 Supplementary expert opinion

The chairman has the right to summon one or more experts to give their opinion on an application file and the experts must be contacted at least 48 hours before the date of the meeting. The experts are only given the right to participate in the argumentations related to the candidate files for which they have been summoned and won't have a deliberative voice. They are subject to the obligation of discretion with regard to all facts, information and documents presented during their participation. The administrator ensures compliance with all these provisions.

Article 5.5 Resignation and exclusion of membership

The resignation of a member must be addressed immediately to director of label. A vacancy shall be filled by appointing a new member and this takes place within one month of the referral to the director of label.

The director of label can exclude a member of the commission for repeated and unjustified absenteeism and for neglecting professional ethics and confidentiality. The exclusion can happen after the member has been notified and invited to be heard in advance





APPENDIX: ASSESSMENT CRITERIA

The awarding of The Label distinction is based on the assessment criteria listed in this appendix. The indicators for each criterion are not standard facts but set examples to guideline the assessment. The candidate yacht or villas are advised to include these elements in the record attached to their application file in order for the commission to examine their full potential. Each criterion is examined separately and is not considered exclusive of other criterion.

The assessment criteria consist of:

I. The character and uniqueness of the yacht or villa

The yacht or villa's prestigious character and distinguished nature is related to it being visited by famous and international celebrities and influencers in different fields. It is essential to highlight the elements that make the yacht or villa unique and stand out. When evaluating this quality, one indicator is the sign of appreciation of its uniqueness internationally and this is shown when the yacht or villa is being referenced in international press all over the world.

II. The distinguishing design of the yacht or villa

This assessment criterion is based on the outstanding design that distinguishes the yacht or villa. The superior quality of design can be shown in the yacht or villa's general structure, deck areas, lounge, cabins, bathrooms, staircase, beach club or pool area.

III. The aesthetics and outstanding quality of the material

The aesthetics and outstanding quality of the material are important elements that will be taken into consideration and carefully analyzed when valuing the high quality and excellence of the area. These are assessed by taking into account the elements of comfort and the elements that create a welcoming venue. These elements include:





- a) presenting a voluminous and sophisticated space
- b) co-operation with renowned interior designers
- c) exclusive art and flower decoration
- d) use of noble material
- e) prestige
- f) quality, origin and fabric of the bedroom and bathroom linen and hospitality products provided

IV. Tailored service

It is important to be able to adapt services according to customers' needs and expectations and therefore personalize the services provided for all customers. Tailored service is assured when the yacht or villa meets specific requirements making sure it is maintained, operated and administered to highest standard.

V. Service consistency

A consistent level of quality is achieved when the service attributes expected by the customers are delivered. The excellent qualification of staff works as an indicator to evaluate the service consistency. This is assessed through a customer service which is available round the clock, including the reception, housekeeping and room service.

VI. The speed of service

The speed of service is based on time and how fast a service can be provided for the customer. This is assessed by the length of time taken for customers to receive their service.

VII. The quality of the the cuisine and bar

Important qualities that help creating a remarkable establishment include the features provided in restaurant and bar. These high quality features include a gourmet cuisine with high quality cooking, using top ingredients and serving dishes that are carefully prepared to a high standard, together with an excellent wine list and a signature bar and cocktail menu. These features build a basis for the quality assessment of the yacht or villa's restaurant and bar.





VII. The teams' motivation for excellence

The teams' motivation to achieve excellence includes identifying the actions set up by the management in order to guarantee distinction in the service provided by its staff. An effective management of the training budget that includes the courses and material needed to train employees to strive for excellence is an indicator enabling the evaluation of this criterion. Another indicator is implementing incentive plans for the employees which will encourage loyalty and enhance the motivation for excellence.

VIII. Actions regarding sustainable development

The responsible actions undertaken by management in sustainable development are examined in relation to the quality and achievement in social and environmental elements.

The indicators to evaluate the environmental achievements include Eco-labels obtained and the steps taken in order to enhance environmental performance. This will be achieved by implementing an improvement strategy for the use of renewable energy, improved energy and water efficiency and increased reuse and recycling.

The social responsibility indicators consist of actions beneficial for society, which include improving labor policies, participating in fair trade and implementing social and ethical policies.

IX. Economic indicators that differentiate service excellence

Economic indicators will be examined and will constitute elements of analysis in the assessment of a candidate yacht or villa's ability to claim the The Label distinction. The indicators are related to the commercial performance of the establishment in comparison with the average of yacht or villas.

