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DAVID MACBRAYNE LIMITED ("DML")
MINUTES of the BOARD MEETING
held on Wednesday 29 March 2023 at 09.45 a.m.

in the Lewis Meeting Room, Gourrock, PA19 1QP and by audio/video conference

[FOISA Status – Exemptions under Section 30 (Prejudice to effective conduct of public affairs) Section 33 (Commercial interests) and Section 36 (Confidentiality)]

Present: E Ostergaard (EO) – Chair
R Drummond (RD)
T Ingram (TI)
G Macrae (GMac)
S O'Connor (SOC)

In attendance: K Devanny (KD) – Pinsent Masons (part)
C Wilcock (CW) — Head of Ferries, Transport Scotland (part)
J Ward (JW) – Finance Director
S R Griffin (SRG) – Company Secretary

Item	Action
1. <u>STRATEGIC ITEMS</u>	
1.1 [FOISA Status – Exemptions under Section 30 (Prejudice to effective conduct of public affairs)]	
<i>At this point K Devanny left and C Wilcock joined the meeting.</i>	
2. <u>GOVERNANCE</u>	
2.1 SAFETY & ENVIRONMENT MOMENT	
T Ingram reported on the recent incident in Leith whereby a vessel had tipped over in dry dock causing injuries to those working on board. He commented that, although this was a very unusual incident, it was important for CalMac to know that dry dock was safe for their vessels and those working on them. Management should, therefore, give consideration to how they monitor the performance of the yard during dry dock activities, not only from the point of view of the maintenance work undertaken, but in regard to the safety and security of the vessel while in dry dock. R Drummond reported that CalMac was seeking to drive up standards with suppliers and would be auditing suppliers, including dockyards.	
R Drummond reported that there had been an electrical fire in the MV Hebrides' engine room which the crew had put out on passage before the vessel returned to port. He reported that this incident had been well-managed by the crew and it was anticipated that the vessel would be back in service imminently.	
2.2 APOLOGIES FOR ABSENCE	
There were no apologies for absence however it was noted that the Assessor (shareholder representative) would not attend for Board discussions on a subject in which they had an interest.	
2.3 DECLARATIONS OF INTEREST	
There were no declarations of interest.	
2.4 MINUTES FROM BOARD MEETINGS OF 1 FEBRUARY, 17 & 24 MARCH 2023	
The Minutes of the Board meetings held on 1 February, 17 & 24 March 2023 were APPROVED and the Chairman was AUTHORISED to sign the minutes.	

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2.5 **ACTION LOG**

The action log was noted and discussed as follows:

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All other actions were not yet due or complete.

3. **STRATEGIC ITEMS (CONT'D)**

3.1 **[FOISA Status – Exemptions under Section 30 (Prejudice to effective conduct of public affairs)]**

3.2 **BUSINESS PLAN 2023/25**

The Board noted the Business Plan 2023/25. R Drummond outlined the process undertaken to produce the Business Plan and reported that the main focus was on maintenance, services, launching Ar Turas and software systems for Finance & Procurement and Asset Management Technology. **[FOISA Status – Exemptions under Section 30 (Prejudice to effective conduct of public affairs)]**

Business Planning – Overview

J Ward reported that the initiatives and deliverables in the Plan were aligned to the seven core goals listed **[FOISA Status – Exemptions under Section 30 (Prejudice to effective conduct of public affairs)]**

Key Planning Themes

These included elements under three key values: People First, Operational Excellence and Customer, as well as managing the ageing fleet and its impact on customer service.

Corporate Objectives and KPIs

These were noted and J Ward outlined the Goals, Objectives, Focus Areas and Performance Targets. **Action:** L De Wolff would be asked to define the target for reportable accidents (under 'Safety at the heart of our operation').

Change Programme Objectives

These were noted **[FOISA Status – Exemptions under Section 30 (Prejudice to effective conduct of public affairs)]**

Business Plan Initiatives

There were 16 corporate initiatives including:

- **Environmental Sustainability:** reduction of fuel consumption (e.g. vessels setting sail early if ready and avoiding arriving early to reduce fuel). R Drummond confirmed that crews were willing to implement these measures and the business would start measuring different vessel performance and publishing comparative data. E Ostergaard noted that doing this at another organisation had brought about a change in behaviours.

[FOISA Status – Exemptions under Section 30 (Prejudice to effective conduct of public affairs)]

Decision

The Board **APPROVED** the Business Plan 2023/25.

4. **BOARD COMMITTEES**

4.1 **AUDIT & RISK COMMITTEE (ARC) – MINUTES OF 22 FEBRUARY 2023**

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G Macrae reported **[FOISA Status – Exemptions under Section 30 (Prejudice to effective conduct of public affairs)]**

4.2 **HEALTH, SAFETY, ENVIRONMENT & QUALITY COMMITTEE (HSEQCo) – MINUTES OF 23 FEBRUARY 2023**

T Ingram reported that the HSEQCO was looking to simplify the HSQE reporting to the Committee to allow for focus on the main issues and that this approach was welcomed by management.

4.3 **REMUNERATION COMMITTEE (REMCO) – MINUTES OF 24 JANUARY, 22 FEBRUARY & 10 MARCH 2023**

S O'Connor reported that relevant actions from the recent RemCo meetings would be covered under Any Other Business later in the meeting.

5. **GROUP REPORTS**

5.1 **GROUP FINANCE UPDATE**

The Board noted the report from J Ward.

5.1.1 **DML Group P&L Month & YTD Performance**

J Ward reported **[FOISA Status – Exemption under Section 33 (Commercial interests)]**

5.1.2 **DML Group P&L Annual Forecast**

J Ward reported **[FOISA Status – Exemption under Section 33 (Commercial interests)]**

5.1.3 **DML Group Balance Sheet**

J Ward reported **[FOISA Status – Exemption under Section 33 (Commercial interests)]**

5.1.4 **CASHFLOW STATEMENT**

This was noted.

6. **ANY OTHER BUSINESS**

6.1 **NETWORK VISITS 2023 – 2 MAY 2023**

The Board agreed that they would prefer that the new Non-Executive Directors were present for this network visit.

Action: The network visit on 2 May to be re-scheduled, if required, to fit in with the appointment of the new Non-Executive Directors. RD/SRG

6.2 **MODERN SLAVERY STATEMENT**

The Board noted the Modern Slavery Statement.

Decision

The Board **APPROVED** the Modern Slavery Statement and **AUTHORISED** its signature on their behalf and publication on the website.

6.3 **BANK SIGNATORY – REMOVAL OF D MACKISON**

The Board noted the report from J Ward requesting the removal of D Mackison as an authorised bank signatory, on the below-noted bank accounts, following his departure from the business.

[FOISA Status – Exemption under Section 33 (Commercial interests)]

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The Board **RESOLVED** that the Authorised Signatories in the current mandate, for the accounts detailed in section 1.3, be changed in accordance with section Authorised Signatories and the current mandate will continue as amended.

6.4 **MANAGEMENT STRUCTURE POST-TARGET OPERATING MODEL IMPLEMENTATION**

The Board noted the charts showing the current structure and post-Target Operating Model (TOM) implementation structure. **[FOISA Status – Exemptions under Section 30 (Prejudice to effective conduct of public affairs)]**

6.5 **[FOISA Status – Exemptions under Section 30 (Prejudice to effective conduct of public affairs)]**

6.6 **BOARD COMPOSITION – EXECUTIVE DIRECTORS**

The Board discussed the ratio of Non-Executive Directors to Executive Directors on the Board and R Drummond supported a review of potential additional Executive Directors for appointment to the Board. RD

Action: R Drummond would produce a proposal on Executive Directors for Board discussion.

6.7 **REMUNERATION COMMITTEE COMPOSITION**

It was noted that, further to an action from the RemCo, E Ostergaard had indicated he was happy to join the RemCo as an ordinary member.

Decision

The Board **APPROVED** E Ostergaard joining the RemCo as an ordinary member.

Action: S R Griffin was asked to amend the draft RemCo Terms of Reference to allow for the Board Chair to become an ordinary member of the RemCo before these were submitted to the Board for approval. SRG

6.8 **APPROVAL OF NON-EXECUTIVE DIRECTORS FEES & EXPENSES**

The Board noted the Summary Guidance on Non-Executive Directors Fees & Expenses and E Ostergaard confirmed that this had been discussed with Transport Scotland who were content with it.

Decision

The Board **APPROVED** the Summary Guidance on Non-Executive Directors Fees & Expenses.

6.9 **PUBLIC BODY STATUS – NDPB VS PUBLIC CORPORATION**

It was noted that this had been discussed earlier in the meeting.

6.10 **DEPOSIT RETURN SCHEME – LETTER FROM MINISTER FOR TRANSPORT**

R Drummond reported that a letter had been received from the Minister expressing disappointment at CalMac's inability to participate in the Deposit Return Scheme. He confirmed that CalMac had liaised with Transport Scotland before informing the Minister of the inability to participate. He reported that it had been established that the equipment required would cost £0.5m and that this outlay would be not recouped by the money received via the scheme. There would also be logistical difficulties for CalMac to run this scheme and it had been confirmed by Scottish Government officials that CalMac would meet the exemption requirements and, accordingly, CalMac had applied for an exemption.

6.11 **TRANSPORT SCOTLAND UPDATE**

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C Wilcock reported that Transport Scotland had a new interim Chief Executive, Alison Irvine, and were recruiting to replace F Pacitti who had moved to another Scottish Government department and that A Robinson would be leading on sponsorship issues in the interim.

7. **DATE OF NEXT MEETING**

It was agreed that the next Board meeting should be moved from 27 June to Wednesday 5 July 2023 at 09.00 am in Gourock.

Signed:
E Ostergaard, Chair

Date: