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| Meeting Subject: | |
| FMPG Board Meeting | |
| Location: | Ferguson Marine (Port Glasgow) |
| Date: | 23 rd September 2021 |
| Time: | 11:00 |
| Chairman: | Alistair Mackenzie |
| Participants: | <p><u>Non-Executive Members</u></p> <p>Alistair Mackenzie, Chairman (AMac) John Hudson, Non Executive Director (JH) Alan Johnston, Non Executive Director (AJ) Robert Mackenzie, Non Executive Director (RMac) Alison Mitchell, Non Executive Director (AM) Stuart Smith, Non Executive Director (SS)</p> <p><u>Executive Members</u></p> <p>George Crookston, Chief Financial Officer (GC) Tim Hair, Turnaround Director (TH)</p> <p><u>In Attendance</u></p> <p>David Palmer, Strategic Industrial Assets Division (DP)</p> <p>Partial attendance for specific agenda items:</p> <p>Kate Forbes, Cabinet Secretary for Finance (KF) John McMunagle, Trades Union representative (JMc) Marc Anton, Interim Health and Safety Director (MA) Peter Cochrane, Interim Programme Director (PC)</p> |

| Item | Minutes |
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| 1 | <p><u>Apologies for absence</u></p> <p>No apologies from the Board were given.</p> |
| 2 | <p><u>Declarations of Interest/Conflict</u></p> <p>RMac intimated that he is a Board member with Crown Estates Scotland, noting that FMPG leases water frontage from Crown Estates, and that potential future business in the renewables sector may have some extended link to Crown Estates</p> |
| 3 | <p><u>Engagement with Workforce/Trades Union Representatives</u></p> <p>AMac welcomed JMc, GMB Trades Union Rep, to the meeting and asked if he had any matters to raise.</p> <ul style="list-style-type: none"> Discussion ensued in respect of the status of discussions on the 2021 Pay Award, and JMc stressed that agreement needed to be reached in the near future. TH noted that there |

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| | <p>remained a need to operate within PSPP guidelines, and this was made clear at the time of previous year's agreement in 2020. Options were being explored by the Board within parameters that would be acceptable to both unions and shareholders.</p> <ul style="list-style-type: none"> • JMc noted that he believed morale in the yard to be low at present, which is not helped by delay in reaching pay award agreement. • It was also noted that dealing with Covid-19 was going well, particularly within the context of how the whole of Scotland statistics looked <p>AMac thanked JMc for his input and JMc left the meeting.</p> |
| <p>4</p> | <p><u>Health, Safety, Environment & Security</u></p> <p>MA joined the meeting to provide an update on progress on Health and Safety.</p> <p>MA briefed the Board, making the following points of particular note:</p> <ul style="list-style-type: none"> • Supervisors are being encouraged and promoted to increase their engagement with the responsibility for Health & Safety • Senior Management Team are doing more regular walk arounds and engaging with yard staff on H&S discussions • MA noted that an investigation was being carried out in respect of a poorly executed lift operation from the previous Monday • The lift referred to above confirmed the need to complete the recruitment of a lifting manager, and a candidate has been found to fill that role • Head of HSE – recruitment progressing <p>AMac asked for any points of clarification: -</p> <p>It was noted that a copy of presentation by MA to be circulated after the meeting</p> |
| <p>5</p> | <p><u>Turnaround Director's Report</u></p> <p>TH confirmed that there was no material change since issuing the pre read.</p> <p><u>Commercial Proposals</u></p> <p>TH updated the Board on significant commercial opportunity which remains of interest for FMPG.</p> <p>Resulting from the discussion on potential new bids and tenders, the Audit & Risk Committee was requested to re-visit the Delegated Authority framework and incorporate parameters for Board approval/sanction of commercial offerings.</p> |

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| <p>5a</p> <p>5b</p> <p>5c</p> | <p><u>Functional Updates</u></p> <p>Matters raised for further discussion:</p> <ul style="list-style-type: none"> • AM asked about the situation with Wartsila, which was commented on within the Procurement section, and the problem reaching commercial agreement on PMS Integration work. TH explained the background as to what the issue was around and advised that a meeting of senior management of both organisations was being sought to resolve any issues. Update will follow this. • AJ asked about the impact of changes that arise from technical information from ICE, and the liability for cost burden that may arise. AJ asked if any changes from ICE could be classified in some way, such as Critical, Minor etc • RMac asked about the status of CMAL being appointed as Buyers Representative under the build Contracts. This process is still to be complete once letter received from the buyer, SG. TH advised that relationship was from a practical point of view, working fairly well. • Future Business: AJ asked about the key elements of any potential commercial deal, the scope, timing etc. TH updated the Board on discussions and progress since the issuance of his pre-read report. AM intimated that the Board would have a fuller review at a ‘deep dive’ meeting in October. <p><u>801/802 Monthly Pack</u></p> <p>PC joined the meeting, and talked the Board through his pre-read Project Report, and also updated the Board on progress with systems and process improvements, in particular around the control of work packs and materials management, and following a question from AM, PC intimated that revised process and use of system should be ready to run from the end of October.</p> <p>Matters raised included:</p> <ul style="list-style-type: none"> • Commissioning Manager – the recruitment and filling of this role is underway, with quality candidates difficult to find. Commissioning plan needs to be robust. • JH asked if the financial cost report could be updated and circulated • AJ asked if the current systems were intended for use in future projects. TH explained the range of current systems which are knitted together and the difficulties they cause by not being integrated, and that the systems would need to be improved. • Question was raised about what the change management process was, which PC then explained. The Board asked if a report could be made available with some key metrics reported. |
| <p>6</p> | <p><u>Approval of Minutes of Board Meeting held on 22nd July 2021</u></p> <p>AMac sought approval of the previous Board Minutes for the meeting on 22nd July 2021. The minutes were approved with agreement to publish on the FMPG website.</p> <p><u>Matters Arising and Review Actions Plan</u></p> <p>No matters to raise.</p> |

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| 7 | <p><u>Finance Update – Management Information Update</u></p> <p>GC confirmed that there was no significant change since issuing the pre read. No points of clarification were required on the Monthly Finance Report.</p> |
| 8 | <p><u>Minutes of Audit & Risk Committee</u></p> <p>RMac and GC confirmed that there were no significant changes the issue of the pre-read. AMac requested visibility of the risk to be available for the next Board meeting.</p> |
| 9 | <p><u>Strategic Development Plan</u></p> <p>TH provided an update to the Board on the process for requesting additional funding to commence the business case for investment and upgrade of the yard facilities and capabilities, including new systems referred to earlier in the meeting. FMI have been providing support to confirm the scope and requirements, which will be used as part of the business case and call for funding.</p> |
| 10 | <p><u>Kate Forbes</u></p> <p>Kate Forbes, Cabinet Secretary for Finance joined the Board meeting by MS Teams for the final part of the meeting. Introductions around the Board table were then made.</p> <p>KF then addressed the Board to make a number of comments and points, which included the following:</p> <ul style="list-style-type: none"> • She wished for success at FMPG and for both vessels to completed and delivered on time. TH commented that he was confident in meeting the schedule • She noted that improvements had been made and that the shipyard was in a better position from where it started in 2019 • KF commented that availability of key data and metrics was essential to monitoring progress objectively, so that all stakeholders including herself could be properly informed and confident that progress was being achieved • TH explained the systems issues to KF and that MRP implementation was challenging • KF asked for a fortnightly update, which TH agreed to provide • KF talked about the future for the shipyard and asked what Scot Govt could do to help the yard in winning competitive tenders. SG are already providing guidance and support on some opportunities. The Board expressed that improved productivity and increased competitiveness from investment in yard over the future will help achieve that, and the work being done with FMI was important. • KF raised a concern about substance abuse in the yard, following some media coverage. The Board assured her it was dealt with properly. |
| 11 | <p><u>A.O.C.B</u></p> <p>TH updated the Board on the application of the Drugs and Alcohol testing policy at the shipyard, which are being carried out to prevent any misuse whilst on site</p> |