

Ferguson Marine Corporate Plan 2023-24

Introduction

Ferguson Marine have been an integral part of shipbuilding on the River Clyde since 1903. Over the past few years Ferguson Marine has pushed the boundaries of innovation, particularly in the development of green propulsion technologies; first diesel-electric hybrid and then liquified natural gas.

Since December 2019, Ferguson Marine has been a publicly owned company with Scottish Ministers as its sole shareholder. As a public body as well as a limited company, the engagement with the shareholder is supported by a framework agreement. Appointed by the Cabinet Secretary for Economy, Fair Work and Culture, the Ferguson Marine Board has overall responsibility for the control of the company, approves strategy, monitors performance and is accountable to the shareholder for financial and operational performance. After recommendations from the Public Audit Committee, the following sub-committees have been established, led by two Non-Executive Directors and supported by the relevant functional head of department within Ferguson Marine:

- Audit and Risk
- Remuneration Committee
- Health and Safety

Our vision

To be the shipyard of choice for our customers and a recognised leader in the design and construction of low / zero emission ships. To have a strong pipeline of orders to sustain the business and workforce into the future, whilst retaining and maintaining shipbuilding core skills for the area and sector.

Our purpose

To be a financially stable shipbuilder providing safe and beneficial employment in Inverclyde. To protect the environment and drive decarbonisation in shipping and shipbuilding.

Core Values

Ferguson Marine's core values will enable us to deliver on our Vision and Purpose:

- Safety
- Quality
- Innovation & Excellence
- Sustainability
- Teamwork

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National Performance Framework

The National Performance Framework¹ was launched by the First Minister in June 2018 and sets out the overarching strategic objectives of Scottish Government. The framework was developed to focus on creating a more successful country with opportunities for all of Scotland to flourish through increased wellbeing, sustainable and inclusive economic growth. FMPG aims to align with these strategic objectives - illustrated below in fig 1.

Scotland's National Performance Framework Our Purpose, Values and National Outcomes



Figure 1 - Strategic Objectives of Scottish Government

Through implementation of this Corporate Plan and delivery of our 5 year Business Plan, we will specifically focus upon the following strategic objectives:

- We have a thriving and innovative business with quality jobs and fair work for everyone.
- We have a globally competitive, entrepreneurial, inclusive, and sustainable economy.

¹ [Scottish Government National Performance Framework](https://nationalperformance.gov.scot/)

Key Business Objectives

As a publicly owned company, it is fully aligned to achieving the wider Scottish Government objectives which have not changed since its acquisition of Ferguson Marine in December 2019:

1. Completing the two public sector vessels under construction at the shipyard in Port Glasgow,
2. Securing the jobs of the workforce,
3. Securing a future for the business and commercial shipbuilding on the Clyde.

The key Business Objectives aligned to the above are:

- To complete legacy newbuild projects Glen Sannox and Glen Rosa in line with dates and budgets agreed with Scottish Ministers.
- To complete current and future projects on time and to budget.
- To return Ferguson Marine to sound financial standing.
- To secure suitable new business for the short, medium and long term.
- To invest in our facilities, people and processes to enhance efficiency and productivity, achieving competitiveness in line with Board targets.
- To provide a safe work environment for our employees, contractors, clients and guests, in line with legislation and best practice.
- To reduce carbon emissions in both our shipbuilding activities and vessel designs. To ensure compliance with environmental regulations in all our operations.

Corporate Social Responsibility

We shall continue to align our company's social and environmental activities with our business vision, purpose and values. The goal is to create an ethical working environment whereby the company considers, recognises and adjusts its business practices to positively impact human rights, society, the economy and the environment.

We are dedicated to encouraging a supportive and inclusive culture., as detailed in our Equality, Diversity and Inclusion policy. It is in our best interests to promote diversity and eliminate discrimination in the workplace, as our employees are fundamental to our success. We recognise that to provide the best service we need to not only employ diverse teams from the broadest talent pool but ensure everyone is celebrated and respected as individuals; to create an inclusive culture where our employees thrive, foster creativity and drive engagement. We take every possible step to ensure that our employees are always treated fairly and equally and that all decisions on recruitment, training, and promotion are based solely on objective, job-related criteria. This approach applies equally to dealings with our employees, clients, customers, suppliers and contractors.

We are proud of the conditions of employment for all our employees throughout Ferguson Marine. Given the nature of our business, the Board of Directors and our management team consider that, either within Ferguson Marine or the supply chains which support our business activities, there is minimal risk of involvement, even tangential support, or complicity in slavery and human trafficking. The employment and procurement practices operated by the businesses within Ferguson Marine ensure that the Group is rightly viewed as a supportive employer. To the extent that our companies operate as a purchaser of goods and services, we outline our expectations of ethical conduct from those organisations with which we do business.

Our commitment to the Armed Forces Covenant. We recognise the contribution that serving personnel, reservists, veterans, the military families make to our business. We will seek to uphold the principals of the Armed Forces Covenant by:

- Promoting the fact that we are an armed forces-friendly organisation,
- Seeking to support the employment of veterans young and old,
- Striving to support the employment of Service spouses and partners,
- Endeavouring to offer a degree of flexibility in granting leave for service spouses and partners before, during and after a partner's deployment,
- Seeking to support our employees who choose to be members of the Reserve forces, including by accommodating their training and deployment where possible,
- Striving to support the employment of Service spouses and partners who are seeking employment by linking to military employment networks such as the Forces Families Job Site,
- Welcoming applications from and guaranteeing interviews with veterans who meet the criteria in the job specification,
- Aiming to actively participate in Armed Forces Day.

We will publicise these commitments through our website, setting out how we will seek to honour them and inviting feedback from the Service community and our customers on how we are doing.

Our Anti-Bribery and Corruption Policy is to protect the interests of Ferguson Marine employees and customers and to ensure that our business is conducted in an open, honest, and ethical manner. We implement and enforce systems to counter bribery and corruption. The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all employees. All workers are required to avoid any activity that might lead to, or suggest, a breach of this policy. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to counter bribery and corruption.

As part of our overall business code of ethics and fundamental to delivering good governance, our whistleblowing policy provides a framework through which staff can confidently raise concerns without fear of reprisal. Throughout the site, posters for 'SeeHearSpeakUp', an independent company, with details of how they can be contacted confidentially and make use of this service. Similarly, our Grievance Policy provides a means by which employees can raise a complaint or concern about any aspect of their work or working environment, which they are unable to resolve with their line manager, and to provide timescales to resolve the issue(s) of concern.

We are enhancing our vetting procedures, utilising Disclosure Scotland and Sterling Back Checks. This has focused on individuals with key roles within the site, particularly roles who can influence decisions, or involve contract award or manipulate data or payment, or those working on our defence projects. These checks will be rolled out across the site.

Our personnel, fairness and wellbeing

As detailed above in Key Business Objectives, a priority for the Scottish Government when they acquired Ferguson Marine was protecting employment in Inverclyde. By committing ourselves to securing investment and new business beyond the successful delivery of Glen Sannox and Glen Rosa, we shall provide quality jobs and fair work for the community. Successes include:

- We shall continue to pay more than the National Living Wage to our employees.
- We have targeted lower paid salaries and have increased them over the past three years.
- We advertise locally for new jobs when they arise. Over 90% of our employees are from the PA postcode, making us the largest employer in the area. Our employees then support the local economy by their economic activity here.
- We support local charities i.e., hospice and use local charity enterprises (ex-Forces, catering).
- We provide opportunities for people to progress and realise their full potential through training opportunities and career advancement.
- We have a well-established and flourishing Apprenticeship Scheme.

Our support for wellbeing of our personnel:

- For several years we have been actively addressing an unbalanced age profile.
- We undertake annual 'MOT's' for our employees on hearing and lung function, and for over 65's we undertake annual physical assessments.
- Some categories of employee have private healthcare, and we are about to launch employee wellbeing programme with our Occupational Health providers around raising awareness with employees on health aspects e.g. prostate cancer etc.

Procurement and Supply Chain

A mutually respectful and beneficial relationship with our suppliers and contractors is essential to the smooth execution of our projects. Our goal is to establish mutually beneficial relationships with current and future partners, contractors and suppliers.

- Our business processes and practices including delegation of authority and separation of duties align with Scottish Public Finance Manual.
- We are compliant with Public Procurement Regulations 2015, whereby competition promotes best value for our projects, customers and our shareholder.
- We advertise all our opportunities on the Public Contract Scotland portal providing potential suppliers with fair and transparent opportunities.
- We have a Supplier Code of Conduct that ensures we treat our suppliers professionally and they treat their second-tier suppliers accordingly.
- Continue to support the local economy and SMEs (Small medium enterprises); in 22/23 we spent 75% with small and medium sized businesses.
- As part of our tendering process, we shall continue to ask suppliers how they will comply with Fair Work Practices in line with the Fair Work Framework.
- Our suppliers have 30-day payment terms, and we encourage our suppliers to flow the same payment terms to their suppliers.
- As part of our tendering process, we ask suppliers to confirm compliance with the Modern Slavery Act 2015 and the Human Trafficking and Exploitation (Scotland) Act 2015 and ask them to include this in their contracts with their subcontractors.
- There is the availability of subcontracting opportunities through our main subcontractors in our tenders.

Climate Change, Net Zero and the Environment

The Scottish Government's Emissions Reduction Targets (Scotland) Act 2019 states a 2030 target to deliver a reduction of 75% of all harmful emissions compared to a baseline of 1990, and to achieve net-zero emissions by 2045.

Ferguson Marine (FMPG) is committed to the highest standards of social, ethical, and environmental responsibility. We recognise our role in decarbonisation and working toward Net Zero. As the designer and builder of the world's first hybrid power RoPax Passenger Ferries (MV Hallaig, Lochinvar and Catriona) and the UK's first LNG dual fuelled RoPax Passenger Ferries, Ferguson Marine commits to reduce carbon emissions in both our shipbuilding activities and vessel designs. We shall also ensure compliance with environmental regulations in all our operations.

- Our latest RoPax and SOV vessel designs are zero emission.
- We have partnered with a sector leading waste recycling specialist enva to ensure waste generated by our activities are segregated and securely stored for onward transfer and processing in line with current legislation. Aligned with our Zero Waste to Landfill target, we currently segregate for

recycling 69.85% of our waste onsite, with a further 29.55% segregated offsite by our partner. The remaining small volume of non-recyclable materials is processed to be used as Refuse Derived Fuel (RDF), some of which goes to Levensat in Lanark.

- We use a specialist local supplier to take our redundant IT equipment, wipe all data, and break them down into recyclable elements.
- As part of the Investment Plan, an energy reduction plan will ensure we reduce the energy used in our business operations, including lighting, heating, welding, ventilation etc.

Health, Safety and Quality Management, Corporate Services

The wellbeing of our employees, contractors, clients and guests is paramount, and the provision of a safe working environment is essential. Our Health, Safety and Environmental (HSE) Manager reports directly to the Chief Executive Officer, and our corporate team and management is responsible for not only ensuring the organisation is compliant with all relevant legislation and regulations, but to seek opportunities to continually improve as we recognise that excellent health and safety management is fundamental to the success of our organisation.

We have established targets for improvement over the coming year, including:

- Reduce the recorded Health and Safety reportable stats by 25% from the previous year.
- Enhance the coverage of Company YSYD (Observation / Near Miss Cards) throughout the yard with all departments having achievable numeric weekly / monthly targets when submitting cards. This is also being rolled out with subcontractors.
- Work toward 18001 / 45001 compliance and certification by end 2025 / early 2026. Target areas prioritised to achieve this are highlighted in Figure 2 below, however some areas of significant recent implementation are:
 - HAVS (Hand Arm Vibration Syndrome)
 - Control of Welding Fumes
 - Permit to Work – Improved and more robust control of work system.
 - Site Heat Maps – Designated Roles and Responsibility defined.

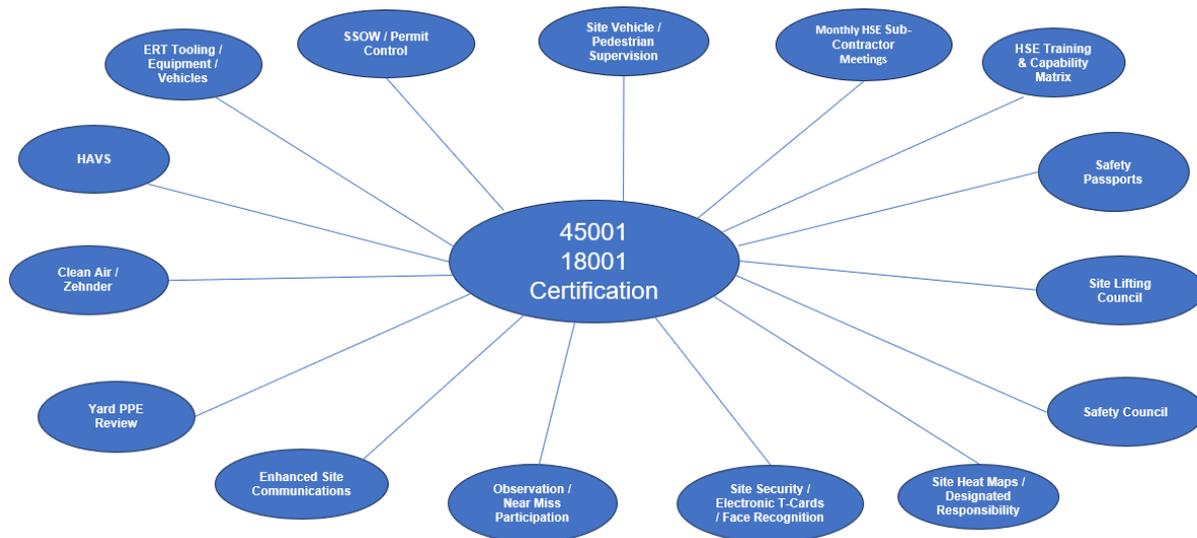


Figure 2 – HSE Future Lookahead Mine Map

As a business we focus on the evolving requirements of our people and our customers, through consistent compliance of the ISO 9001:2015 standard and all relevant statutory and regulatory requirements. We are also committed to continually improving its Management System and have therefore established objectives and targets which are communicated throughout the organisation, reviewed regularly and then reported at least annually at Management Review.

As Non-Departmental Public Body (NDPB) we recognise our responsibilities under the Freedom of Information (Scotland) Act 2002 and any information held is accessible by the public on written request, subject to certain limited exemptions.

We are bound by the General Data Protection Regulations and Data Protection Act 2018 (DPA 2018) and associated legislation protecting privacy rights. We are committed to ensuring that all employees comply with GDPR and the DPA to safeguard the personal data held by us, regardless of format. We must ensure that personal information is collected and used fairly, stored safely, and not disclosed to any person unlawfully.