Public

CALMAC FERRIES LIMITED ("CFL")
MINUTES of the BOARD MEETING
held on Tuesday 19 May 2026 at 9.00 a.m.
in the Arran & Bute rooms, Transport Scotland Offices, 177 Bothwell Street, Glasgow, G2 7ER

[FOISA Status – Exemptions under Section 30 (Prejudice to effective conduct of public affairs), Section 33 (Commercial interests) and Section 38 (Personal data)]

Present:	Erik Ostergaard (EO) – Chair David Beaton (DB) Lucy Conway (LC) Tim Ingram (TI) Duncan Mackison (DM) Grant Macrae (GMac) Kay Ryan (KR)
In attendance:	Andy Robinson (AR) – Assessor, Transport Scotland Chris Wilcock (CW) – Transport Scotland Janine Ward (JW) – Finance Director Pauline Blackshaw (PB) – Planning & Performance Director (part) **[Redacted – Section 38]** Louis de Wolff – Fleet Management Director (part) Alex Cross (AC) – Standards & Performance Director (part) Stephanie Griffin (SRG) – Company Secretary
Apologies:	John Nolan (JN)

Item **Action**

1. **GOVERNANCE**

1.1 **SAFETY & ENVIRONMENT MOMENT**

E Ostergaard reported on an incident where his decision not to sail was questioned as the conditions looked OK at the departure point, however he had additional information that suggested it would not be safe to set off. He noted that this was frequently also the case with the travelling public questioning CalMac Masters' decisions not to sail and that the responsibility for the safety of the vessel and those aboard rested with the Master. It was noted that there may be occasions whereby a Master who was less experienced on a route or vessel may decide not to sail in conditions that an experienced Master might sail in and, again, it was for that individual Master to choose the option they felt was safe and for CalMac management to support them in their decision.

1.2 **APOLOGIES FOR ABSENCE**

Apologies for absence had been received from J Nolan and also from management attendee D Burke.

1.3 **DECLARATIONS OF INTEREST**

The following new Declaration of Interest was noted:

- E Ostergaard: new role as Non-Executive Director of Norled AS.

1.4 **MINUTES FROM BOARD MEETING OF 30 MARCH 2026**

The Minutes of the Board meeting held on 30 March 2026 were **APPROVED** and the Chair was **AUTHORISED** to sign the minutes.

1.5 **ACTION LOG**

The Board discussed the action log as below.

04.26 READ ACCESS/TRAINING FOR CASCADE PROVIDED TO BOARD MEMBERS

CHFS3 OPERATION/PERFORMANCE - What Cascade Enables

Action: P Blackshaw agreed to provide read access to Cascade for the Board and provide any training required.
It was noted that individual log in emails would be sent to individual Board members shortly, once an induction session had been scheduled. C/fwd.

All other actions were complete.

2. **STRATEGIC ITEMS**

2.1 **ANNUAL BUDGET 26/27**

The Board noted the report on the Annual Budget 26/27 **[Redacted – Section 30]**

2.2 **27/28 DRAFT ANNUAL BUDGET (STRATEGIC FUNDING FORECAST)**

The Board noted the report from J Ward and she reported that there had been no material changes to the assumptions reported to Board in March under the 5 Year Funding Overview. **[Redacted – Section 30].**

C Wilcock confirmed that the Draft Annual Budget would be fed into the start of the Scottish Government Parliamentary budget process in late summer with the Scottish Parliament normally approving its budget between January & March the following year.

Decision

The Board **APPROVED** the 27/28 Draft Annual Budget for submission to the shareholder for approval.

At this point P Blackshaw joined the meeting.

2.3 **STRATEGY SESSION 30 JUNE – PREPARATION AND MODEL**

D Mackison reported that P Blackshaw and J Ward were developing options for discussion at the end June Strategy Session **[Redacted – Section 30].**

D Mackison reported that information would be circulated to the Board in advance of the Board Strategy Session.

2.4 **TONNAGE TAX REGIME RE-ELECTION**

The Board noted the report from J Ward and she reported that the current 10 year election period into the Tonnage Tax Regime was ending in June (CFL had originally elected into the regime in 2006 and re-elected in 2016). She reported that tax advice had been taken both on the impact of forthcoming NDPB status and the impact of re-electing versus not re-electing into the Tonnage Tax Regime. **[Redacted – Section 30].**

Decision

The Board **APPROVED** the re-election of CFL into the Tonnage Tax Regime from 21 June 2026.

*At this point **[Redacted – Section 38]** and L de Wolff joined the meeting.*

2.5 **FLEET DEPLOYMENT, SCHEDULING & TIMETABLING DEEP DIVE**

P Blackshaw presented slides as follows.

[Redacted – Section 30].

Action: This presentation was to be given to the Ferries Community Board at the next DML-FCB Joint Meeting.

*At this point P Blackshaw, **[Redacted – Section 38]** and L de Wolff left the meeting.*

The Board noted that the decision-making framework was impressive. It was noted that local communities appreciated their port teams but often felt disconnected from Head Office and D Mackison confirmed that both these parts of the business were involved in disruption decision-making.

3. **<u>CFL REPORTING</u>**

3.1 **CEO REPORT**

The report from D Mackison was noted and he reported as follows:-

- Scottish Parliamentary elections – emails had been sent to welcome new MSPs and to thank outgoing MSPs.

Safety Benchmarking Report

This was noted and T Ingram commented that he was supportive of the stance being taken on safety by management.

Portfolio Summary Report

This was noted.

Annual Business Plan Contract Period 2 – Performance Report

This was noted.

3.2 **CHIEF OPERATING OFFICER REPORT**

The Board noted the report from D Burke and D Mackison reported as follows.

Port Ellen Closure: Port Askaig Readiness

Port Ellen was scheduled to close on 2 June and a great deal of preparation had been undertaken for Port Askaig to become the single port on Islay. The Port Manager had walked the team through the new procedures on the ground to ensure they worked and were understood. **[Redacted – Section 30].**

Port Skills and Safety Work

This accreditation would formalise best practice and introduce a career structure for port staff. **[Redacted – Section 30].** D Mackison reported that he would be presenting at the UK Chamber of Shipping safety conference in Glasgow later in the week.

Ardrossan Update

It was noted that the situation at Ardrossan had improved even in the short time CMAL had been in place.

Vessel Deployment Over the Summer

This was noted.

Customer Operations Programmes

D Mackison reported that there were a number of projects underway including Project Bridge and these were designed to bring CalMac up to date and provide a strong foundation for the future. He reported that it would be important to get the new Transport Minister up to speed, including on these initiatives.

4. **GROUP REPORTING**

4.1 **GROUP FINANCE UPDATE – March 2026**
The Board noted the report from J Ward and she reported as below.

4.1.1 **P&L – March Financial Performance**
2025/26 financial performance for year to end March was a funding requirement of **[Redacted – Section 33].**

4.1.2 **DML Group Balance Sheet**
The Group Net Asset balance at end March 2026 was **[Redacted – Section 33].**

4.1.3 **Group Cashflow Statement**
The Group closing cash balance was **[Redacted – Section 33].**

4.2 **TRANSPORT SCOTLAND UPDATE**
A Robinson reported that ONS confirmation of CFL Reclassification was expected on 22 May.

A Robinson reported that the SNP manifesto pledges, which included bringing Transport Scotland into government, would be discussed with the new Transport Minister & their advisors. He reported that once the new Minister was appointed he would expect them to meet with CalMac representatives within their first month.

A Robinson reported that vessel procurement under the Small Vessel Replacement Plan Phase 2 was underway. He confirmed that the delivery date for MV Glen Rosa was end 2026.

At this point A Cross joined the meeting.

4.3 **RISK APPETITE**
The Board noted the Risk Appetite and A Cross reported that the Risk Appetite had been reviewed in detail following the commencement of the CHFS3 Contract, change of governance framework with the shareholder & forthcoming change to NDPB status. In addition, the strategic change to focus the business on service delivery rather than commercial growth opportunities had been taken into account. He reported that out of appetite risks were escalated to the Audit & Risk Committee and that, although management would seek to improve risk mitigation of risks within appetite, the main focus was bringing risks that were outwith appetite back within appetite.

[Redacted – Section 30]

Decision
The Board **APPROVED** the updated Risk Appetite.

4.4 **RISK REPORT**
This was noted.

At this point A Cross left the meeting.

4.5 **POLICY APPROVALS**
D Mackison reported that HR were reviewing their policies, updating them and producing new ones as appropriate.

The following Policies, which had been reviewed by the ExCo and submitted for Board approval, were noted:

- Neonatal Care Leave – new policy
- Paternity Leave & Pay – updated policy
- Secondment – updated policy
- Flexible Working – new policy
- Probationary Period – updated policy
- Drugs & Alcohol – updated policy
  Action: The legal definition of 'safety critical' should be added to this Policy and it should be updated to reflect the potential impact of legal drugs in a safety critical role. DM (KMcC)

Decision

The Board **APPROVED** the Neonatal Care Leave, Paternity Leave & Pay, Secondment, Drugs & Alcohol (subject to the minor amendments noted above), Flexible Working and Probationary Period Policies.

5. GROUP BOARD COMMITTEES

5.1 AUDIT & RISK COMMITTEE

The draft minutes of 22 April 2026 were noted. **[Redacted – Section 30].**

5.2 HEALTH, SAFETY, ENVIRONMENT & QUALITY COMMITTEE

The draft minutes of 14 May 2026 were noted. T Ingram reported that the Committee had held a deep dive into Environmental Plans which had been extremely useful. He reported that the Committee performance self-assessment questionnaire results had been reviewed as had the Committee's Terms of Reference.

5.3 REMUNERATION COMMITTEE

The draft minutes of 4 May 2026 had been previously circulated. K Ryan reported that HR had produced a new dashboard giving an overview of HR-related activity across the business.

6. ANY OTHER BUSINESS

6.1 DELEGATED AUTHORITY POLICY – UPDATED

The Board noted the report from S R Griffin and J Ward. S R Griffin reported that the Delegated Authority Policy had been reviewed and updated extensively to factor in the new governance arrangements & agreements following Direct Award of the CHFS3 Contract including new requirements to seek shareholder approval for a range of decisions and that the categories updated were summarised in the report and the full Delegated Authority Policy appended.

G Macrae commented that it was important to regularly assess whether the new governance arrangements were working in practice and E Ostergaard noted that the Board expected to receive feedback if shareholder decisions were not being granted at the speed required for the timely operation of the business. S R Griffin reported that a process was being put in place to log shareholder approvals, including the date submitted for approval and the date approval received.

S R Griffin reported that the updated Delegated Authority Policy had been reviewed by the Audit & Risk Committee who recommended it for approval by the Board.

Decision

The Board **APPROVED** the updated Delegated Authorities Policy.

6.2 **BOARD MATTERS RESERVED**

The Board noted this report and S R Griffin reported that the Board Matters Reserved had been reviewed and updated extensively to factor in the new governance arrangements & agreements following Direct Award of the CHFS3 Contract and these updates were outlined in the report and shown in mark-up on the Board Matters Reserved itself. She also reported that, given the link to the other CalMac governance documentation reviewed for CHFS3 impacts, the updated Board Matters Reserved had been reviewed by the Audit & Risk Committee who recommended it for approval by the Board.

Decision

The Board **APPROVED** the updated Board Matters Reserved.

6.3 **BOARD COMMITTEE TERMS OF REFERENCE**

The Board noted this report and S R Griffin reported that the Committees' Terms of Reference had been reviewed and updated to factor in the new governance arrangements & agreements following Direct Award of the CHFS3 Contract and these updates were outlined in the report and shown in mark-up on each Terms of Reference. She reported that the changes to their Terms of Reference were recommended by each Board Committee for Board approval and were outlined in the report and shown in mark-up on the Terms of Reference.

Decision

The Board **APPROVED** the amended Terms of Reference of the Audit & Risk Committee; Health, Safety, Security, Environment & Quality Committee; and Remuneration Committee.

6.4 **NETWORK DISRUPTION UPDATE**

D Mackison reported that the network status was now back at green and that recent disruptions had been discussed extensively by the Board in a private session as well as earlier in the meeting.

E Ostergaard stated that the work being carried out and reported by management provided assurance to the Board and he expressed the Board's thanks to the CalMac staff who had worked tirelessly during this extended period of disruption. It was agreed that customer perception was an important matter to tackle in the future.

7. **DATE OF NEXT MEETING**

Tuesday 30 June 2026 at 10.00am in Gourock (Informal Strategy Session).
Wednesday 1 July 2026 at 9.00 am in Gourock (Board).

Signed: Date:
E Ostergaard, Chair