

Small Port...

HUGE OPPORTUNITIES



ANNUAL REVIEW 2020/21

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CHAIRMAN'S STATEMENT

Montrose is renowned for its can-do attitude, and that has helped us to continue to be seen as one of the go-to ports on the East Coast for all of the sectors we serve.

It was an immense privilege to take over as Chairman of the Port from John Carmichael in October 2020, and to do so at such an exciting time in terms of the outlook. Having completed the extensive redevelopment of Berths 7 & 8 last year, along with the confirmation from SSE Renewables that Montrose was to be the Operations Hub for their Seagreen offshore windfarm, the port entered the year with a great deal of optimism.

At that time it looked, and felt, like the worst of the COVID-19 pandemic was behind us and that the World was emerging from the challenges that came with it. Little did we know that as we headed into December 2020 that we would again be forced back into a nationwide lockdown and the prospect of keeping the port and its facilities operational whilst, at the same time, having to comply with government-enforced restrictions. This obviously impacted our vessel activity, and this is reflected in our financial performance which, at a turnover of £5.2 million, represents a 14% decline on the prior year. Having said that, the Port remained profitable and was still able to strengthen its cash reserves. This financial strength ensured that we were able to enter the 21/22 year with plans to continue to invest in the Port infrastructure, and that would include adding to our land and property assets, as well as committing to ordering a new state-of-the-art pilot boat.

While our recent successes in offshore renewables have positioned us well in terms of energy transition, we still remain focused and heavily reliant on our core oil and gas and general cargo businesses. Indeed we are still proud to be able to call ourselves Europe's busiest chain and anchor handling port. We also continue in our endeavours to offer our services and facilities to the offshore decommissioning sector, and we were also pleased to find ourselves included as a port-of-call for a number of smaller cruise ships during the year.

Under the guidance of our CEO Tom Hutchison, the team at the Port have done an amazing job of ensuring we navigated our way through the pandemic while, at all times, being able to offer our clients and stakeholders a fully operational, safe and responsive Port. I am fortunate to be able to work with an incredibly talented board of directors, and a board who's backgrounds and expertise are well suited to our current challenges and aspirations – you can read more about them later in this report.

We have incredible opportunities ahead of us and I look forward to working with Tom and his team, as well as the board, as we continue to grow the Port, support the local community, and to offer the best possible services and facilities to our clients.



PETER STUART
Chairman



CHIEF EXECUTIVE'S REPORT

I am immensely proud of our team at Montrose. Throughout this most challenging year, their dedication has remained unwavering and for that I will be forever grateful.

There is no escaping the fact that the global COVID-19 pandemic had a massive impact on our business this year like many others across the Globe. With staff sent to work from home, ships stuck in port, and a need to be cautious to the extreme – we have seen a dip in profit, but also delays to major projects which we expected to happen.

In one of the most challenging years for our port that I can recall, we are building back from it in a stronger position than ever before thanks to the dedication of our team and the resilience of our community.

The whole community has played a part too – from making sacrifices around seeing friends and family, to thanking our key workers each week during 'clap for carers' which we supported by having vessels in port sound their horns at 8pm each week. We also tried to bring the community together by providing free activity packs for children in lockdown, and through our charitable giving which this year topped £20,000.

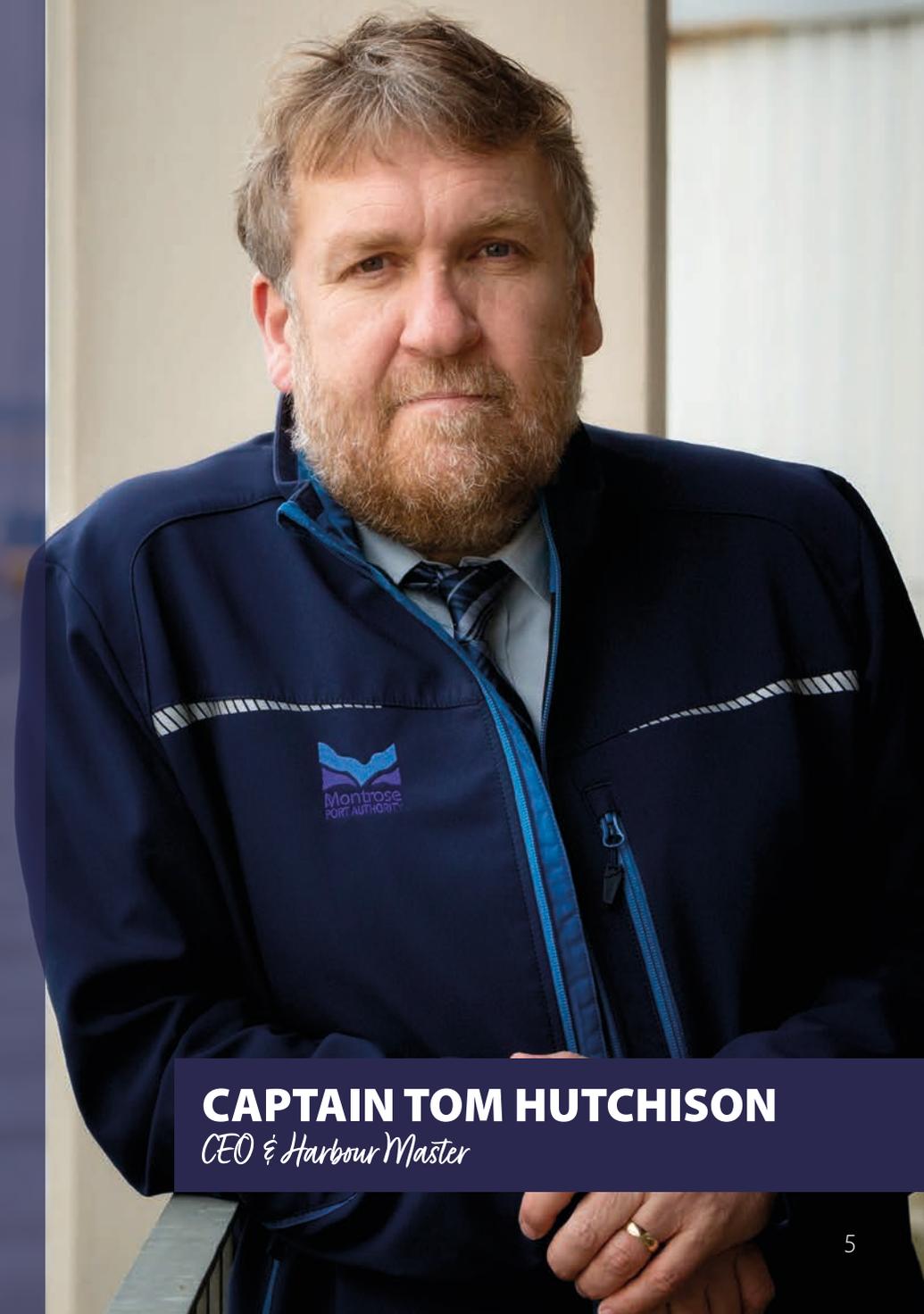
We have seen a lot of change at the port this year – the main one being the construction of the new Operations and Maintenance Base for the Seagreen offshore wind farm getting underway on the South Quay. Once operational, Seagreen will be the largest wind farm in Scottish waters, producing

enough power for 1.6million homes, but more importantly for Montrose, it will also bring with it around £1.8million of funding for projects in the local community.

We have continued to support our customers with the ongoing energy transition, but we have also started to take steps to lower our own carbon footprint with a number of exciting plans expected to come to fruition in the coming months.

We also welcomed a new member to our management team in the form of Kenny Gammie in the role of HSE Specialist in December 2020. We have always taken the safety of staff, customers and visitors extremely seriously, but we knew we could do even more and go above and beyond what is required of us. Thanks to Kenny's hard work and relentless attention to detail, the port is even safer than it has ever been with the staggering number of days without incident testament to that.

Finally, I would like to extend my thanks to our Chairman, Peter Stuart, for his support this year and that of the board as a whole - it can be easy to forget just how important a board of directors is to the success of a business like ours. I look forward to working together for many more years to come.



CAPTAIN TOM HUTCHISON

CEO & Harbour Master

Throughout the Covid pandemic the health, safety and wellbeing of our employees, tenants and visitors was of the highest priority.

Right from the start of the pandemic we monitored the situation closely and followed guidance from the Centres for Disease Control and Prevention and local health authorities. This was obviously a difficult time for any business but our team pulled together to ensure that we allowed the supply chain to continue uninterrupted and serve our local community to the best of our ability.

During this time we remained fully operational as an essential service. Port personnel were able to work from home where possible thanks to our timely implementation of the ION SmartPort software.

However, we also had marine personnel carrying on with operations quayside while following the strictest Covid controls.

Although this was an unprecedented time for everybody, we now look back on it and take heart from the fact that the Port became a focal point for Montrose with our 'Thursday Night Horns for Heroes' and the way in which the community joined together to support each other.

ZERO
LOST DAYS



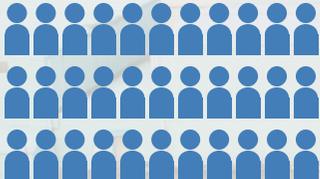
ZERO
ACCIDENTS



2020/21 AT A GLANCE

TURNOVER IN 2020/21:
£5.2 million

£24m
ADDED TO REGIONAL ECONOMY

 **33** PORT EMPLOYEES +  **9** BOARD MEMBERS

£20,000 
DONATED TO VARIOUS LOCAL CHARITIES

GROSS TONNAGE:
2,014,039 VESSELS



28
BUSINESSES BASED
WITHIN THE
PORT ESTATE

WE ARE A TRUST PORT

As one of a number of Trust Ports across Scotland our structure and enviable location allows us to offer customers a flexible and accessible service which is unique to Montrose.

We are totally independent, run by a Board and governed by our own local legislation.

All profits we make are reinvested back into the Port meaning we can make continuous upgrades to our infrastructure and facilities while keeping our rates competitive for our customers.

In keeping with other Trust Ports we also pride ourselves on our high degree of accountability to port users and our community.

Our primary aim is to re-invest in our assets so that the whole community of stakeholders benefit both now and for future generations to come.

At the heart of everything we do is our duty to engage with our stakeholders.

During 2020 we endeavoured to consult and inform as much as possible in the run up to plans for the Seagreen Operations & Maintenance base being finalised and construction starting.

With a development of this size and significance it was important for us to gather views from around the community in order to be open and transparent. This proved to be an excellent exercise and changes were made to the location of the pontoon as a result of feedback from Ferryden fishermen.

We have also received a lot of positive feedback from the local community as to the benefits they feel the Seagreen development will bring to the local area and economy.

A recent economic impact assessment found that the Port supports 300 permanent, full time employees both directly and indirectly. This equates to £12 million in annual salaries and £24 million GVA (Gross Value Added) which comes from operations at the Port and brings economic benefits to the wider Angus region.



Montrose Port Authority's flagship offshore wind client

SSE Renewables selected Montrose Port Authority to be the home of the Seagreen Wind Farm Operations and Maintenance (O&M) base in 2019. Since then, the Port has been working with the local supply chain and community to ensure the best outcome for Angus and the surrounding areas.

The base is currently under construction and is due to be operational by the end of 2021. It will consist of repurposed warehouse facilities, a 50m high communications mast, a 30m pontoon and a two-storey office and car parking facilities.

The operations building, a two-storey office block previously used by an oil industry supply chain company in Aberdeen, is being regenerated as part of efforts to contribute to the circular economy – over 54 tonnes of steel was reused which saved around 99 tonnes of CO₂.

Montrose-based Pert Bruce was appointed as the main contractor for the site safeguarding 25-30 jobs over the year within their business and wider supply chain. They subsequently contracted another Montrose based business, Harry Maiden, to erect the steel structure. To continue the green theme of the project the communications mast, supplied by PD&MS was also repurposed, having previously served the Moray East wind farm.

As well as local businesses benefitting during the construction phase, the Seagreen wind farm will also support a £1.8M community benefit fund which will be divided between local Community Councils.

Ensuring the community has been involved in the project has been key for Montrose Port Authority. We produced a kids activity pack during lockdown 2020 and are currently collaborating

£3bn JOINT VENTURE BETWEEN SSE RENEWABLES AND TOTAL ENERGIES

with local schools to learn more about the renewable energy industry and to name the O&M building.

SSE Renewables decision to make Montrose Port it's home was a huge win for us and a major step forward in our diversification strategy. Our prime location at a minimum distance to North Sea wind farms, as well as major road and rail networks makes us the obvious choice for offshore wind farm developers. We hope that Seagreen will be the first of many long term renewable contracts that come to the Port.

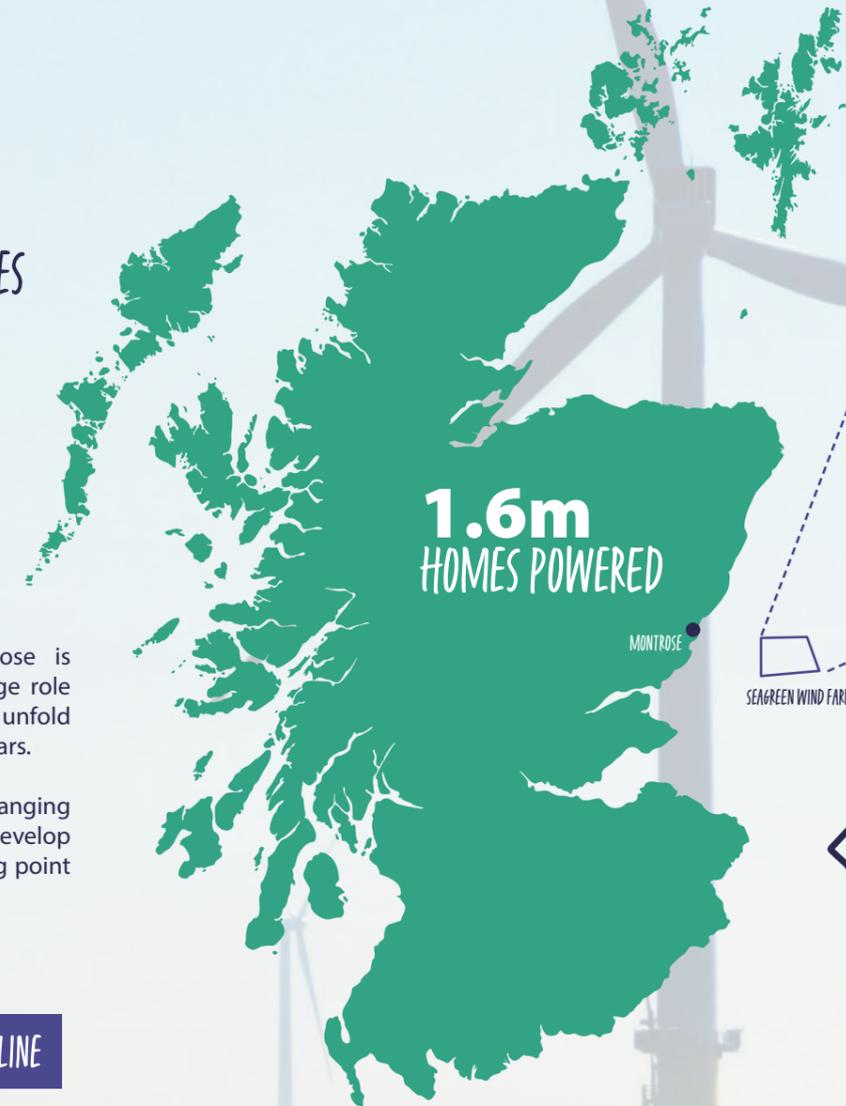
The announcement from Crown Estates Scotland in 2020 that they intend to develop the Montrose ZeroFour development, a 123 acre commercial site just down the road from us, is obviously an added draw and will be mutually beneficial.

OUR ROLE IN THE ENERGY TRANSITION

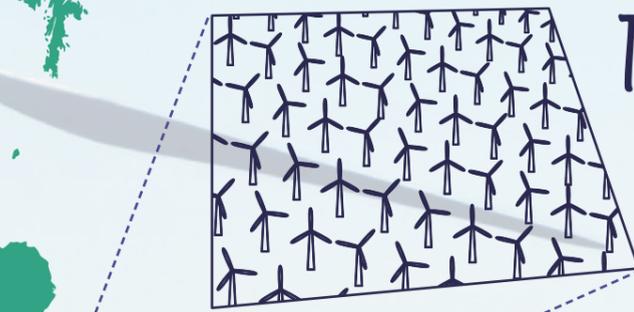
Angus and specifically Montrose is ideally positioned to play a huge role in the energy transition that will unfold across Scotland in the next 25 years.

Our adaptability to changing environments and ability to redevelop our assets will be a strong selling point for the Port.

O&M BASE CONSTRUCTION TIMELINE



1.6m HOMES POWERED



114 TURBINES

GENERATING UP TO

1075 MW CAPACITY



LOCAL CONTRACTORS USED THROUGHOUT THE PROJECT

27km OFF THE COAST OF ANGUS



£1.8m COMMUNITY BENEFIT FUND

54 TONNES OF RECYCLED STEEL USED, SAVING



99 TONNES OF CO₂

THE WIDER PORT COMMUNITY

We are constantly evolving and making improvements for our stakeholders.

Increasingly, our port users come from a wide range of sectors as we seek to diversify our services and realise our aim to be the greenest port in Scotland.

During the period 2020/21 we have seen our port community expand and the addition of some exciting new members.

OUR PARTNERS 2020/21:



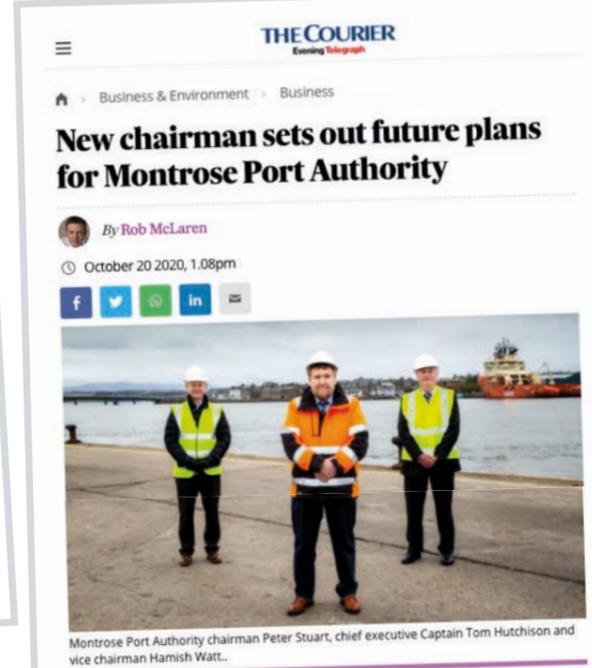
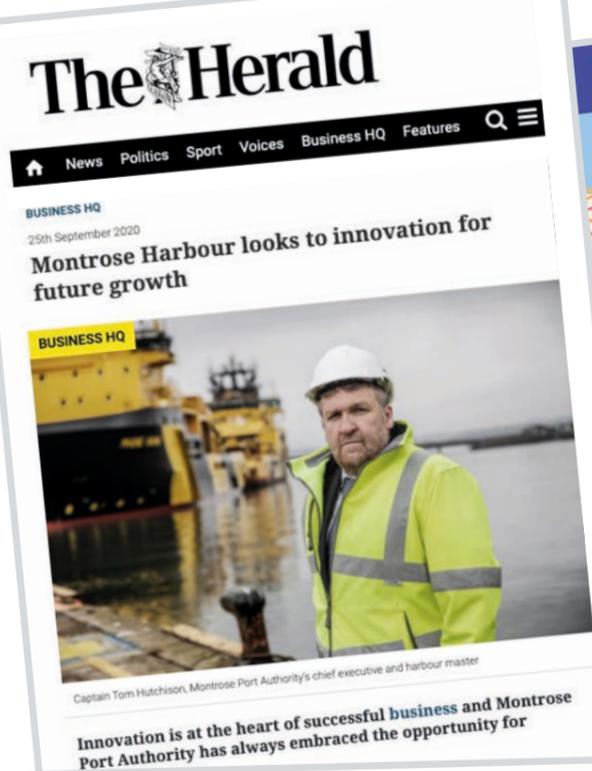
OUR PLACE AT THE HEART OF MONTROSE

Success at the Port has a knock on effect for the town and surrounding areas, and there are also many benefits felt the other way round too.

Although Montrose Port Authority has always sat geographically at the centre of the town we have previously been considered by the local community as something of a 'closed shop.' This was never the case but we have tried extremely hard during the last year to

counter this and be as transparent as possible in the community. With all the exciting developments around Seagreen and the energy transition going forward we aim to build on this in the coming months.

We have tried to communicate more about what's happening at the Port in a number of ways so that we reach as wide an audience as possible.



PR & COMMUNITY OUTREACH

As well as landing multiple features in the local press for business-oriented events at Montrose Port, we also caught the attention of the papers for our community outreach activities, including the 7-foot Lego Magne Viking ship we had commissioned, as well as the kids' activity pack we produced for children during lockdown in 2020.

Supporting local heroes and causes

During lockdown we became a focal point in the town every Thursday evening at 7pm when we would ask all the ships in Port to sound their horns for the 'clap for carers'.

This really gathered momentum throughout the most difficult period of lockdown and we have since been told by so many members of the community how much it lifted their spirits and any feelings of isolation to take part in this week after week.

We also made a number of financial donations to local causes including:

- Montrose Community Trust for both their wellbeing and foodbank programmes,
- Montrose Playhouse Project
- Hands of Stone Boxing Gym
- Montrose Rugby Club
- Montrose FC
- Montrose Air Station Heritage Centre, for which we covered the cost of renting a new office building.
- Montrose Mens Shed

£20,000
DONATED TO VARIOUS LOCAL CAUSES

OUR STRATEGY

OUR PURPOSE

We are a small port which is making a big impact for the community in Angus and beyond.

OUR MISSION

To continue diversifying our offering to ensure that we make the most of the opportunities available for future generations.

OUR VISION

To be one of the greenest ports in Scotland.

OUR 20 YEAR MASTER PLAN:

- Continued infrastructure investment in both quaysides and buildings
- Deeper approach channel to prevent the need for regular maintenance dredging
- Continued diversification into new markets including renewables and decommissioning
- Increased focus on becoming a green port and working towards Net Zero

OUR COMMITMENT TO SUSTAINABILITY

We take this commitment extremely seriously, and have taken a number of steps towards reaching our goal of becoming one of the UK's greenest ports.

These include signing up to the European Sea Ports Organisation (ESPO)'s EcoPorts initiative, the integration of ION Marlin Smartport which allows us to work leaner and with less energy waste and beginning the journey towards ISO 14001 accreditation. Additionally, we have started to explore a number of practical improvements we can implement at the

Port, the first of which – upgrading all our flood lights to energy-saving LED – is scheduled for completion in 2021.

Additionally we are hoping to install electric vehicle charging stations, change our vehicle fleet to electric, and install a solar array on the roof of our main office building.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE STRATEGY

In light of recent events, environmental, social and governance strategy is taking on an even greater significance and companies must now demonstrate how they are taking responsibility and directing resources to accomplishing positive climate action. Helping to build a more sustainable, resilient future and 'putting their money where their mouth is'.

HEALTH, SAFETY & ENVIRONMENT

Health, Safety & Environmental (HSE) Specialist Kenny Gammie joined MPA in November 2020, bringing with him over 30 years' experience in HSE management gained both nationally and internationally.

This is the first time the Port has had a dedicated HSE Specialist, and in his short time at the port he has added value to MPA operations.

Since Kenny took up post he has reviewed and updated all of our existing HSE policies, procedures and risk assessments to align with British standards, which is intended to improve the safety and health of both MPA employees and other Port users.

Going forward, the Port is aiming to achieve BSI ISO 14001 (Environmental Management) as well as BSI ISO 45001 (Occupational Health & Safety Management) certifications by the end of May 2022.

An integrated management system has been developed and implemented that simultaneously handles the requirements of ISO 14001 and ISO 45001 to ensure the Port's compliance to the International Organization for Standardization (ISO) is achieved. This will be a huge selling point for the Port and positions us as a forward-thinking modern organisation.

Kenny has also introduced safety walks and Safety Observation & Intervention programs with tenants which are an open forum for stakeholders to bring up any HSE concerns or improvements.

Zero Harm MPA Port Employees

Lost Workday Cases:

4975 days*
(since 17/08/2006)

Zero Harm MPA Marine Employees

Lost Workday Cases:

1785 days*
(since 12/05/2015)

Zero Loss of Containment

Level 2 Environmental Events:

375 days*
(since 22/03/2019)

* Days since last event leading up to 31/03/2020



KENNY GAMMIE

Health, Safety & Environment Specialist

PORT MARINE SAFETY CODE STATEMENT 2020

Across all marine operations, there is a commitment to implementing the good practice of the Port Marine Safety Code (PMSC) to improve safety and management of processes to nationally agreed standards.

Safety risks are identified and evaluated and suitable control measures are put in place to manage them. The independent Designated Person conducted an annual audit of the Authorities Marine Safety Management System in October 2019. From the audit some administrative observations were made without any non-conformances being identified.

The audit report confirmed MPA's compliance with the PMSC and this was again confirmed by the Designated Person at their annual report to the Duty Holder (MPA Board Members).

Montrose Port Authority published a Safety Plan during 2020 aligning with the Maritime Coastguard Agency PMSC 3 yearly compliance exercise. The plan commits Montrose Port Authority to undertake the management and regulation of marine operations, within the scope of its powers and authority, in

a way that safeguards the Port, its users and the environment, whilst supporting the continuous improvement of Montrose Port Authority's marine safety performance.

An internal PMSC audit was performed in 2020 and all actions raised within the ports new compliance software 'MyCompliance'. The introduction of compliance software has advanced the capabilities for the Authority to effectively manage all compliance requirements. Significant work has been made during 2020 to set up data on the compliance software, setting the foundations to become an integral part of the day to day safety and compliance management.

Regular marine safety meetings continue to take place covering both policy and operational matters as well as wider stakeholder consultation and port user group meetings.

INTERNATIONAL SHIP AND PORT SECURITY CODE

The Authority recognises its responsibility to comply with the International Ship and Port Security Code (ISPS) and maintains a Port Facility Security Plan.

The Port Facility Security Officer works closely with the Department for Transport, Border Force conducting regular security meetings, exercises and inspections.

OUR DIGITAL ENGAGEMENT

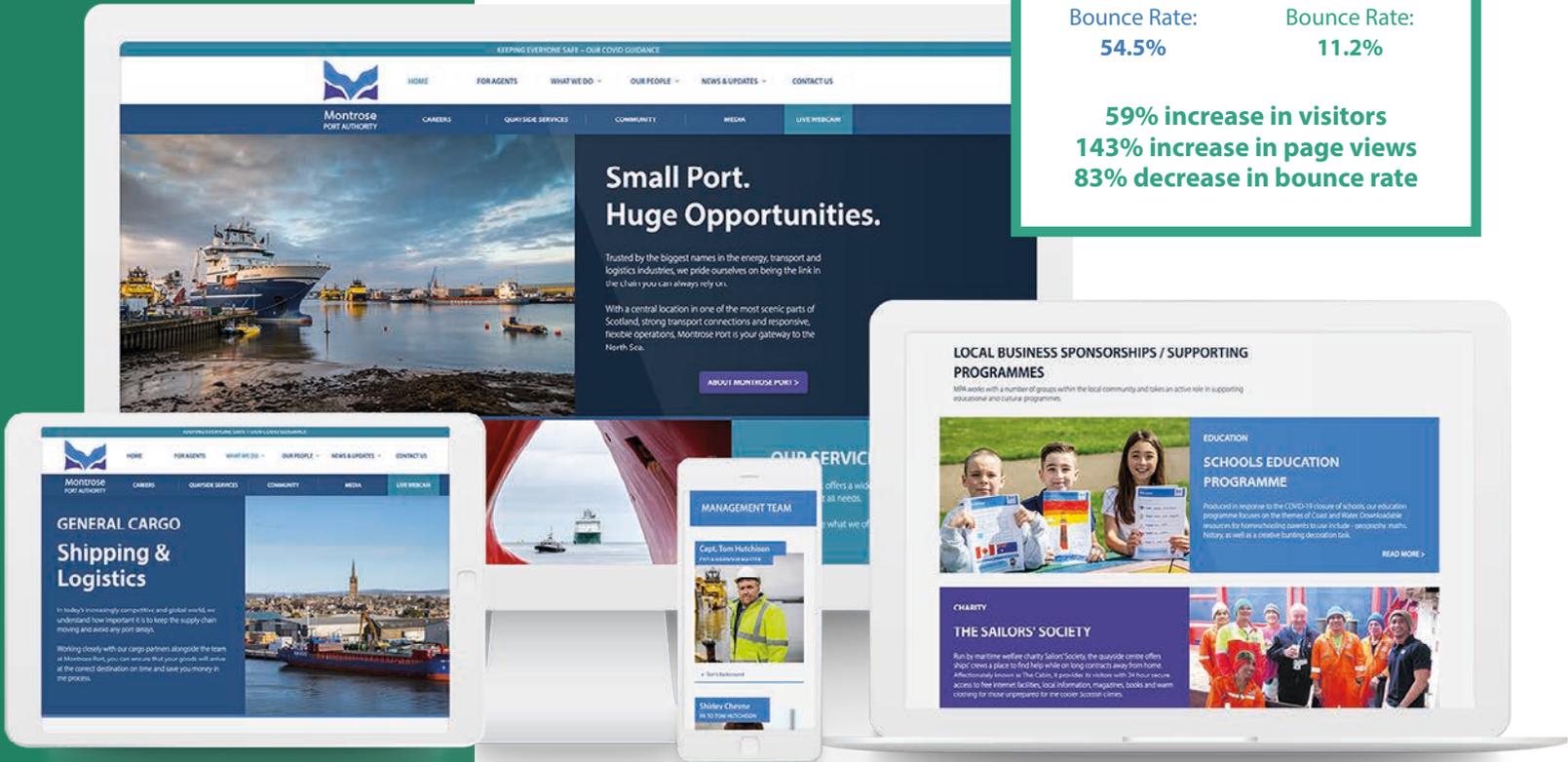
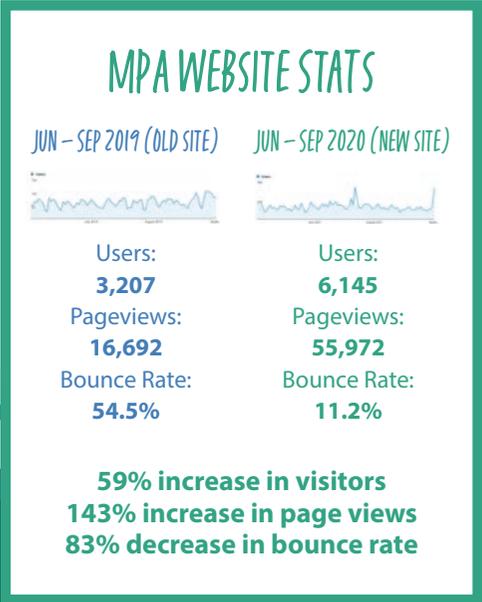
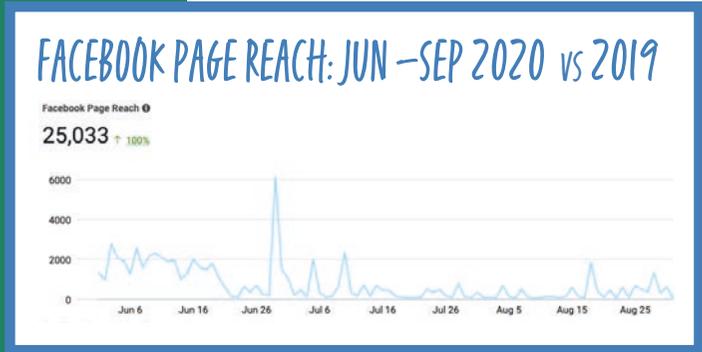
With the help of local marketing agency Due North Creatives we started 2020 by commissioning them to build us a new website and manage our communications.

We are proud to have an established presence on Facebook and LinkedIn where we have grown our follower base and post regular updates.

Throughout 2020/21 Due North Creatives has issued a steady stream of press releases and news articles on our behalf to mark important milestones at the Port and keep the community updated as to progress.

This content has included events such as the appointment of local contractors to work on the Seagreen development construction, as well as new tenants joining the Port community.

Coverage of these events has been widespread in the media and on our social media channels, which in turn has increased our web visitors and the amount of time they spend interacting with us online.



FINANCIALS

As a result of COVID-19 restrictions during the 2020-21 financial year, our turnover was naturally impacted.

This was due to the fact that, while vessels were still coming into port, their stays were longer meaning reduced revenue for us for services such as pilotage and mooring.

We are however heartened by the fact that while our numbers did trend downwards, we still remained a profitable business and were able to support local charity partners with donations of around £20,000.

	2020 – 2021	2019 – 2020	Variance	Variance (%)
TURNOVER	£5,194,645	£6,062,587	(£867,942)	(14.3%)
COST OF SALES	(£3,153,175)	(£3,003,805)	(£126,610)	5.0%
GROSS PROFIT	£2,041,470	£3,058,782	(£1,017,312)	(33.3%)
ADMIN EXPENSES	(£1,151,554)	(£1,297,167)	£145,613	(11.2%)
OPERATING PROFIT	£889,916	£1,761,615	(£871,699)	(49.5%)

(Figures in brackets denote negative values)

2020/21 SUMMARY

Despite the lower financial performance for this period, Montrose Port Authority still invested just over £1 million in the Port's infrastructure. This investment is designed to ensure our future sustainability, and with the easing of restrictions and growth of our core markets, we anticipate a return to normal results in the coming years.





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