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WELCOME TO THE LATEST EDITION OF PORT NEWS

Thanks to the hard work and commitment of the team at Port of Cromarty Firth, 2019 was another exceptional year in which we sustained the Port's growth and development.

In the first quarter of 2020, the COVID-19 pandemic has presented our team and all our stakeholder groups, including local communities, supply chains and regional businesses, with new challenges. We are keeping the Port open 24/7 and facilitating essential supplies of food and fuel, as well as supporting critical national infrastructure including the energy industry which is keeping our lights (and broadband) on. We are adjusting to new working practices & operating environments and will continue to support the Port's essential customer and contractors to ensure local jobs are safeguarded.

COVID-19 & HSEQ UPDATE

As the Port operates within the transport industry and directly supports the utilities industries (oil, gas, electricity and water), our staff and activities are included in the UK Government's 'Key Workers' classification. As such, it's vital that we ensure that the health of our staff, port users and the public is protected, whilst also minimising the disruption to our essential operations.

In response to the ongoing COVID-19 pandemic and as part of the Port's Business Continuity Plan, a wide range of health and safety control measures have been implemented throughout the business, allowing us to continue operating safely. Effective communication, collaboration and team-working has been essential to maintaining safe operations on site, and it's important that these practices are maintained. The control measures which have been put in place include:

- ▶ Mitigating the risk to staff by reducing to core functions only on site.
- ▶ Utilising technology to allow remote working, reduce face-to-face contact and facilitate staff engagement.
- ▶ Not permitting any non-essential visitors to enter Port buildings.
- ▶ Implementing stringent cleaning practices and promoting the continued awareness on the importance of good hand hygiene and social distancing.
- ▶ NHS-compliant deep-cleaning contractor appointed.
- ▶ Enhanced maritime safety procedures for all vessels entering the Cromarty Firth.
- ▶ Redesign of work processes - ensuring social distancing is achieved.
- ▶ Increased Security & HSEQ site inspections.
- ▶ Working closely with port users and contractors to ensure new risks are identified and suitable controls implemented.
- ▶ Evaluating and implementing the most recent official guidance.



In Q1 of 2020 there were zero reportable health & safety incidents recorded on site — a remarkable achievement. This has been accomplished through increased safety observations, site inspections and near-miss reporting. These stem from the Port's ongoing commitment to developing a strong safety culture. During this challenging time the HSEQ team have done an excellent job maintaining the comprehensive health and safety principles held at the Port.

Q1 2020 HSE Stats

- ▶ **Minor Injury/First Aid:** 0
- ▶ **Minor Injury/Medical Treatment:** 0
- ▶ **Major Injury:** 0
- ▶ **Occupational Disease:** 0
- ▶ **Dangerous Occurrence:** 0
- ▶ **Environmental Incidents:** 0

BUSINESS SECTORS

CRUISE

2019 was a record-breaking cruise season at the Port, in which we welcomed 108 ships and over 167,000 passengers, contributing a massive £18m to the regional economy. Passenger numbers for the 2020 season were projected to reach over 180,000, however, the ongoing pandemic has delayed the season which was due to commence in April.

Following the voluntary suspension of operations in March, the British and European cruise operators have opted to

cancel scheduled sailings while the UK is in lockdown and travel restrictions are in place. As anticipated, the complete loss of cruise business to both the Port and the wider economy is having an impact, with many people and businesses in the region relying significantly on this industry. We continue to keep our cruise stakeholder group updated with any developments and are working with the Scottish Government and Cruise Scotland to ensure the relevant authorities are

aware of the impact of COVID-19 on the industry and the region.

The Port has been working with Highland Council, Invergordon Community Council, Invergordon Development Trust and local tour operators to identify solutions to the traffic management issues faced in Invergordon. These have been very positive and proactive workshops with a range of potential options and solutions identified that can be actioned when COVID-19 restrictions are lifted.



OIL & GAS

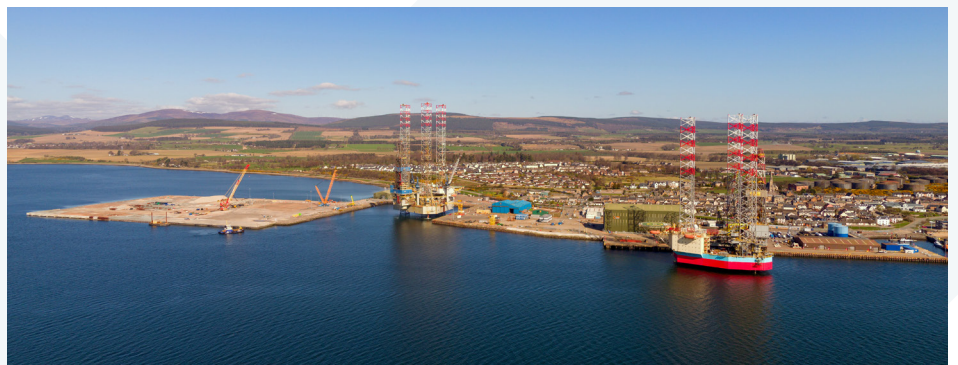
The global impact of COVID-19 on the oil & gas industry has been significant and has contributed to an extremely challenging operating environment, particularly for companies active in the North Sea. The Firth currently hosts 17 rigs and the Port continues to receive enquiries from drilling operators who have had projects postponed or cancelled.

The plummeting oil price witnessed globally has largely been driven by the pandemic, with travel restrictions and reduced economic activity cutting demand by up to a third worldwide. Brent Crude, which is the international price benchmark, traded at a 21-year low (\$16 a barrel) in April, while in the US, oil prices traded below zero for the first time ever – meaning producers were essentially paying buyers to take oil off their hands.

We will continue to support our key oil & gas customers and their supply chains through this difficult period and will keep their rigs safely positioned in the Cromarty Firth until this crisis is over and they can return to work.

PHASE 4 UPDATE

While the majority of the Phase 4 expansion is complete, the main contractor, Roadbridge UK Ltd, has reduced activity on site since the lockdown and travel restrictions were imposed. Essential safety works on site recommenced in May, with strict health and safety control measures put in place to ensure the Government guidelines are followed.





RENEWABLES

The Jacket foundations for the 100-turbine 950MW Moray East Offshore Windfarm have started to arrive at Nigg Energy Park, where they will be stored and marshalled when offshore installation commences. MHI Vestas are expected to enter PoCF's new Phase 4 development in Q3 of this year, bringing with them the turbine components (towers, blades and nacelles). The towers will be constructed on site before being shipped offshore. The Moray East Offshore Windfarm is a substantial project for the Firth and, when complete, will be one of the largest constructed offshore windfarms in the world.

Crown Estate Scotland have confirmed the next offshore wind seabed leasing round named 'ScotWind', will go ahead as planned this year and is likely to feature commercial scale floating offshore wind projects. We are in advanced discussions with a number of floating offshore wind project developers and manufacturers,

who have expressed an interest in utilising our site and facilities. The recent investments in infrastructure have resulted in the Firth establishing itself as one of the best sites for these projects on the East Coast of the UK. Our geographic proximity to a majority of the development sites identified in ScotWind means that the Firth is in prime position to capitalise on the opportunities presented in the growing offshore renewables industry.

The Port are founding members of DeepWind, the supply chain cluster of excellence in deep-water offshore wind energy. We continue to work in partnership with Global Energy Group and HIE on the cluster, which now features over 300 members drawn from industry, academia and the public sector. The ambition of DeepWind is to secure more offshore wind projects to the region, bringing investment and long-term sustainable employment with them.

COMMUNITY SPONSORSHIP PROGRAMME – COVID-19 SUPPORT

In 2019 the Port awarded £36,000 to projects throughout the Firth as part of our Community Sponsorship Programme. Eligible projects for funding included those which focused on encouraging community collaboration, enhancing skills development or provided environmental protection.

Given the ongoing pandemic situation, the criteria of the programme has been amended to include organisations and support groups providing COVID-19 support to the communities surrounding the Cromarty Firth. Funding of £1,000 has already been awarded to CCAST Highland, to assist their foodbank and meal provision service which they offer to vulnerable individuals and families, including those in the Nigg & Shandwick area.

OTHER NEWS

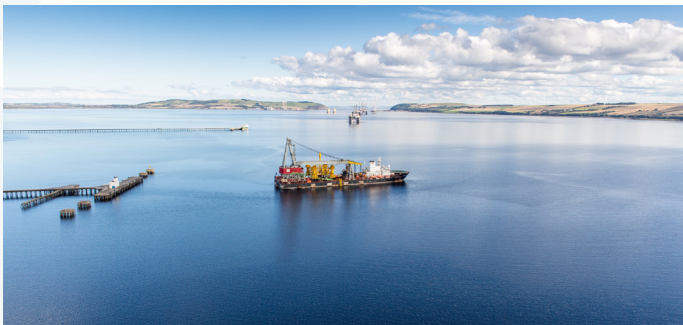


Natal Garden Donations

Volunteers in Invergordon have been working on upgrades and maintenance to the Natal Garden, which is a memorial to the lives that were lost during the explosion and subsequent sinking of HMS Natal in the Cromarty Firth in 1915. As part of this voluntary work, the Port were able to provide donations of required materials which included decking boards, rope and wood stain.

Coulhill Primary School Presentation

A presentation was given to pupils at Coulhill Primary School in Alness on the range of different roles and careers which we have here at the Port and the essential skills needed to successfully complete these. This was part of the school's 'Developing Young Workforce' initiative to better prepare young people for the world of work and highlight the employment opportunities which exist locally.



Freeport Project

As part of the UK Government's post-Brexit growth plan, up to 10 new innovative 'Freeports' will be opened across the country. The Freeports will benefit from regulatory and commercial flexibilities, creating enterprise hubs which have the potential to boost trade, create jobs and bring regeneration to coastal communities. A consultation and competitive bidding process will be used to identify which locations will be granted Freeport status and capitalise on this opportunity.

The Port have formed a steering group and are currently leading on a collaborative Freeport application for the whole of the Cromarty Firth, extending to cover neighbouring manufacturing and industrial sites. This is an exciting project for the Port and could bring substantial benefits to the region and national economy.



Board Appointments

At the beginning of the year we had a change in personnel on the Board of Directors. Roger Eddie replaced Richard Ballantyne as Chair of the Board, with Hugh Mitchell taking on the role of Vice-Chair.

Two new excellent additions have also joined the Board: Graham Peach and Zeina Melville, bringing with them a wealth of experience, expertise and specialist knowledge. Graham has a distinguished 30-year career in the Royal Navy and latterly owned and managed an international maritime support & disaster management consultancy firm. Zeina is currently Executive Commercial Director at Pryme Group and was formerly Managing Director at Melville Business Consulting, where she worked with the Port to successfully deliver an expansion of on-site facilities and business growth.