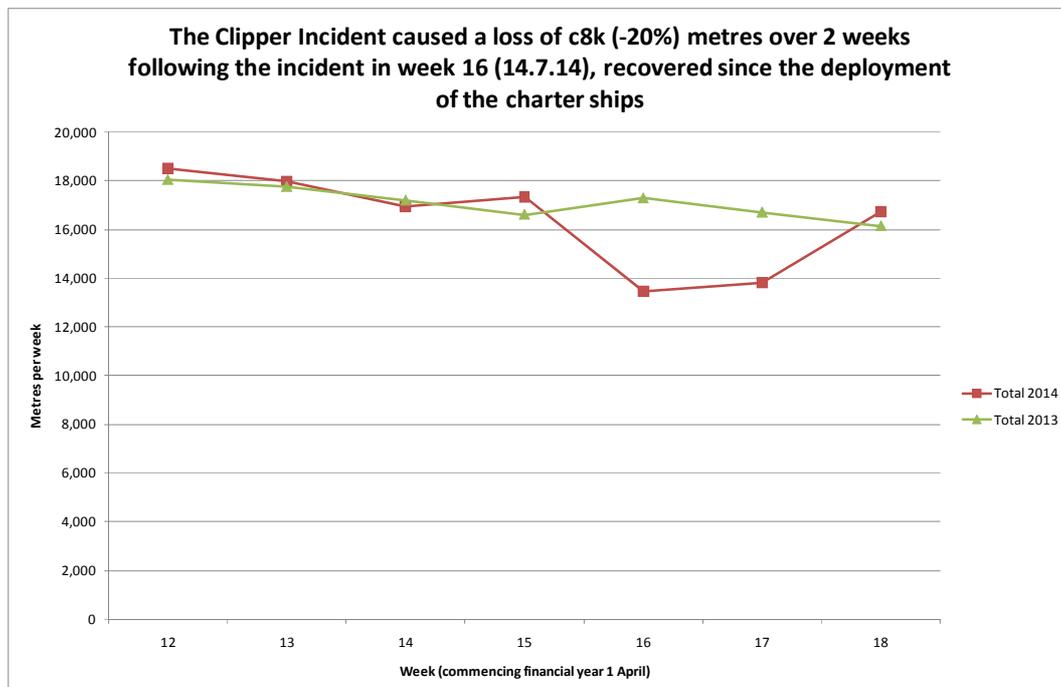


1. KEEPING OUR ISLANDS SUPPLIED – supporting our freight customers

- 1.1 Condor Ferries has worked tirelessly to maintain the supply chain to our Islands since the incident of 14 July which led to the withdrawal of Clipper for dry dock repairs. Here we explain the investments which the company made to protect the lifeline service which we are privileged to provide.
- 1.2 We outline how, with the support and flexibility of our customers, we were able to minimise the disruption felt by Islanders and businesses:
- 80% of prior year traffic was shipped, including virtually 100% of temperature controlled and other priority traffic being shipped on the day presented.
 - Immediately following the incident, Commodore Goodwill's schedule was reconfigured to carry extra freight and provide additional sailings, keeping shelves stocked with essential goods.
 - Condor invested over £1m on the charter of two freight ships.
- 1.3 Customers and Islanders have contacted us to express their appreciation for the contingency measures we put in place. Nevertheless we recognise, and apologise for, the inconvenience which Islanders have experienced whilst Clipper has been out of operation.

80% of normal freight volume was shipped during the 2 week period, recovering to 104% of normal volumes in the 3rd week

- 1.4 Whilst the total volume of freight shipped was 20% lower than the same period last year during the 2 weeks prior to the charter deployment, the first week of the charter saw growth of 4% from prior year.



With the exception of certain ultra short shelf-life products like freshly made sandwiches which clients chose temporarily to discontinue, temperature controlled, perishable product and other priority traffic was shipped on the day presented. For lower priority non perishable items, the aim was to clear the backlog with one extra rotation per week on each Sunday.

- 1.5 This shortfall, virtually all non-priority and non-temperature controlled, can be categorised into 3 types:
- i. traffic that shippers or end clients postponed, choosing not to present it; i.e intentionally causing a destocking of certain long shelf-life products in the Islands from normal levels, and a corresponding build up of these items in the UK supply chain.
 - ii. traffic that shippers or end clients chose to send via LoLo.
 - iii. backlogs of empty trailers and lower priority items presented at the ports either in Portsmouth or on Island.

We are not able to assess how much fell into categories a) and b) and were largely successful in clearing c) by the end of the first week.

Regular freight carried by the larger shippers fell by only 10%, suggesting the non-regular loads were most likely to delay shipping or switch to LoLo.

- 1.6 We believe that this data demonstrates how Condor's contingency arrangements have been successful in keeping our Islands supplied.

Commodore Goodwill

- 1.7 Our freight ship, Goodwill, stepped in as our immediate contingency, delivering more goods than usual and running extra sailings. Thanks to the hard work of our staff and the support and flexibility of our customers, Goodwill managed to ship all refrigerated items and priority goods on the day presented, and move all other goods within 2-3 days. Extra sailings were added on two Sundays.
- 1.8 In addition to keeping fresh food on the shelves, Condor successfully managed to continue to ship unusual cargo. A good example was the rides for the Battle of Flowers funfair. These rides are a challenging cargo at the best of times yet, despite the reduced capacity, we were able to transport the overwhelming majority of rides, supporting this important event in Island life.

Jersey Evening Post – 23 July:

“Condor have been excellent and very helpful. We understand that they have to give priority for fresh food. The Island would not be very happy to have funfair rides and no food.”

Jackie Donald, Events Director for Battle of the Flowers

Charter solutions

- 1.9 Since the Clipper incident, Condor has invested over £1m in charter solutions to keep our Islands supplied.

- 1.10 The worldwide downturn in shipping means there are fewer ships around, and fewer still who can both cope with the challenges of the English Channel and our historic Island ports. The need to carry the required cargo within a 24 hour rotation further narrows the choice of ship.
- 1.11 Condor was able to deliver MN Toucan to the Islands less than two weeks after the damage to Clipper was assessed. Just a few days later, Arrow arrived. This speed was down to the support of our board in its commitment to providing the lifeline service and the 50 years we've spent building the trust of our industry colleagues. Condor has excellent and deep contacts with the owners of suitable tonnage and to deploy two capable vessels in just over 2 weeks proves this capability.
- 1.12 The first week of Toucan saw Condor's volume to and from our Islands up 4% on prior showing how quickly the company was able to restore the supply chain. Given her performance capability we used her to run a Portsmouth to Guernsey service only, therefore freeing Goodwill to carry the Jersey traffic.
- 1.13 The terms of the charter meant that it was not possible to use our own Master/Supercargo to provide Pilotage Exemptions so pilots were used in each port. In addition it was not possible to charter this vessel with cargo handling crew, therefore Solent Stevedores provided lashing gangs.
- 1.14 The MV Arrow is a known vessel to Condor having been chartered on several occasions previously for dry dock cover. She is chartered fully manned and Condor appoints a Supercargo as the owner's representative who also provides Pilotage Exemption in each port.
- 1.15 Our charter ships will remain with us until the repairs to Clipper are complete. It is expected that volumes will be high during this period both given peak holiday and tourism season, and, as mentioned in 1.5 (i) as end customers restock their supplies of non-perishables, which they had de-stocked over the 2 week period.

Customer feedback

- 1.16 Understandably, many of our customers experienced frustration and inconvenience as a result of the disruption to the normal supply chain.

Jersey Evening Post – 22 July:

"It has been a difficult week and there have been some serious challenges to overcome."

Tony O'Neill, CEO Sandpiper CI Group, owners of Marks & Spencer stores in Jersey

Guernsey Press – 29 July:

"It was the usual fresh food goods and sandwiches and chilled range, which we did not get. We thought we would have to throw a lot away but it has not been as bad as we had thought, we have salvaged a lot, reduced a lot – it might have been worse."

Tony Creasey, Managing Director of Creasey's, responsible for Marks & Spencer franchise in Guernsey

From: I
Sent: 29 July 2014 08:51
To: 'freight@condorferries.co.uk'
Subject: Trade Car Shipments

Good morning

Please could you update me with any information regarding unaccompanied trade car shipments from Portsmouth to Jersey/Guernsey.

I find it frustrating that you are not contacting us with information. The last information I received was over a week ago when I was informed that you would no longer ship any unaccompanied trade cars from Portsmouth or any of your other ports of exit.

I have since learned from the internet that you have secured the services of a temporary vessel however nobody from Condor has contacted us to advise if this changes the situation regarding trade cars.

We have multiple customers who are understandably becoming frustrated with the lack of information.

Please confirm if you are now in a position to recommence unaccompanied trade car shipments as it appears at the moment we are being treated with the least priority which I find disappointing given the value of business we give Condor annually (over £100,000 pa).

Regards

1.17 However, the efforts which the company made were appreciated by many.

Guernsey Press – 25 July:

“From our point of view it would have been better if they could have secured an alternative as soon as the Clipper went out of action but I can see their point of view that, as a business, they needed to know how long the vessel would be out of action before spending money on a charter. It’s probably the best we could have expected.”

Mark Langlois, B.R. Langlois and Sons

Guernsey Press – 22 July:

“Understandably, the reduced ferry service has put pressure on our supply operation, but we’re working closely with Ferryspeed, who work with Condor to ensure that our shelves are stocked. We’ll always prioritise the delivery of key products in order to minimise any impact on our customers.”

Chris Bysouth, Waitrose Department Manager at Admiral Park

From: [redacted]
Sent: 05 August 2014 16:34
To: Karl Margetts
Subject: RE: New car

No worries Karl

Your efforts have been greatly appreciated in this long running saga!! Just need the van to hit the docks in Guernsey asap (not literally you appreciate)

I’m sure you guys have been getting the bad press through no direct fault of your own.

I would run the beer to you now if I was able.

Kind regards

From: [redacted]
Sent: 04 August 2014 11:21
To: Olly Futter; Karl Margetts; Brian Hill; Jersey Freight; [redacted]
Cc: Portsmouth Imports; Andrade, Clare; Atkins, Nick
Subject: RE: Trade Cars - Weymouth

Hi there Everyone, good morning

Karl a massive big thank you to you for accommodating us, it really was a great help, and thanks to Brian & the Jersey crew, Olly, Ade & Arran the Weymouth crew.

Imports: Mark ,Carly & Cassi, thanks a million

As the last batch of our cars are being shipped to Portsmouth, I just wanted to thank **you all** for all your help over the last 10 days with the shipments out to Weymouth and sorting the paperwork etc so that everything went without any ‘hicups’.

Thanks to Siobhan too for working with us, hopefully now the cars are ‘heading’ Portsmouth way that will make your life easier too, Phew!!

Kind regards & thanks to all again