

Fellow Past and Future Shipmates:

Opening Remarks

Our dedicated professional mariners on board perform vital roles behind every successful voyage. In addition, there is a complicated network of support personnel and systems that are helping propel that ship through the water that complements the never-ending drumbeat of the twin screws. This support network is most evident when we have a failure within our system. I have always been proud of our operation that when challenges come our way, we rise to them and take the right actions. Our organization becomes stronger as a result because we learn from these shared experiences and ultimately improve our operation. We've recently incurred a couple of incidents in our fleet that have brought this network and our response behaviors to the forefront. It is difficult to acknowledge failure, but once again, we will learn from these events, and grow from a direct result of them.

Company News

Based on some schedule changes and weather events, after signing off the Endeavour, I travelled directly to Houston and spent last week there. The office was a bustling place with business operations in full swing after the holidays. In addition to numerous meetings, members of the Houston team were generous with their time and provided opportunities for one-on-one communication. The information gathered while there is broken down into subcategories below.

- a) General Information: One clear message received while in Houston was that we do not control the price of oil, but we do control our safety. We need to be super conservative. We have a good operation, but we need to be asking ourselves the right and hard questions. Our customers and corporate management expect this.
- b) Satellite Communications: Polar and the I.T. management responsible for our ship-to-shore communications held a meeting. A new VSAT communications provider has been selected. The original vendor search was narrowed to six companies. Golden Eagle, our present provider, did not make this initial selection process. Based on this vendor selection, the decision was made to change out the existing VSAT antennas prior to June. Additionally, hardware changes such as modems and routers will be required. There is a four-week lead-time on the component procurements so the windows to change out the hardware will be tight. A service package was also selected with this new vendor. The package requested will increase bandwidth and coverage. The ships should see an immediate improvement. If further improvement is required, the company may opt for additional bandwidth through a second service option that is readily available. The next big evolution in satellite communications will be the introduction of low earth orbiting satellites. The addition of these satellites is three years out at a minimum and it will also require hardware and antenna changes. In addition to these hardware changes, the new VSAT provider has additional monitoring capabilities that will be able to analyze usage patterns more closely and offer recommendations that will improve service. Concurrently with the satellite communications changes, the I.T. personnel are actively working on cellular off-loading options named "Silver Peak." This was not discussed in detail, but this service may be rolled out soon.

- c) Special Recognitions Award Program: A meeting was held to discuss the administration of the changes for the special recognition program. Specifically, the company has introduced a peer-to-peer recognition program where employees at any job rating can recognize fellow colleagues for actions above and beyond their normal duty. The peer-to-peer program has a \$100 limit. The present challenge is how to manage it within our organization. Once decisions on how to administer this process is determined, it will be shared with the fleet. The other change within the special recognitions award is that the budget has increased from .3 to .7 percent of base salary.
- d) Engineering News: There was a variety of engineering activities throughout the week. One of the events was a meeting with DeNora to discuss the status of the ballast water treatment systems and a parts strategy moving forward. It may be of no surprise, but the representative said that out of the fifty systems they presently have installed, approximately ninety percent of the issues they deal with are related to the filters. The ORP sensors immersed in the piping that sense residual chlorine are also a common component that presents problems. One of the present challenges is figuring out the parts supply strategy for the filter inserts. They are very expensive components with a 20-week lead time. The factory acceptance test (FAT) test for the Polar Discovery system is presently scheduled for the second week of March.

Kongsberg has presented a proposal for upgrade of the existing SSDG PLC controls. This option was discussed in an engineering staff meeting and it is likely that this upgrade will be moving forward.

- e) Medical Department News: Jamie and Brooke had two messages they wanted to communicate out to the fleet. One, your right to confidentiality with a medical issue is something that Brooke and Jamie take very seriously. If you have a medical issue, they encourage you to come to them first and they will protect your right to privacy. The second message is that if you are dealing with an illness or injury, keep them fully informed of any developments so they can help you manage the process. Contact Brooke or Jamie after you have an appointment to give them updates about your status. The Employee Health Report (EHR) is due every 30 days when you are off due to a medical issue. This year's Biometrics screenings have been rolled out. The medical department has historically processed the biometric forms in batches so there is often some delay after submitting the form. If your annual physical is not due to the fourth quarter, an individual can also go to a Quest Diagnostics site at no cost. Having the form filled out by a personal physician is a third option. Additional information for the Biometrics program can be found under the Wellness Page on the intranet site.
- f) Staffing News: Staffing has been working on a new assignment list that should be published very shortly. The biggest impact appears to be moving First Assistant Engineers around to accommodate the time-in-service requirements. One item staffing wanted to communicate was clarification around the recent parental leave policy. They wanted to make sure mariners knew that this additional time needs to be worked into the staffing plan ahead of time. They will do their very best to accommodate your needs, but prior planning is required so not to adversely affect your shipmates and staffing needs.

- g) **Purchasing News:** A meeting was held to discuss implementing an E-Grainger ordering system like the E-Sysco program. Both benefits and limitations were discussed. The purchasing personnel are moving forward with gathering additional information and potentially rolling this out as a pilot program to one of the ships. From the meeting, it sounds like the initial ordering scope will be limited to items that are typically sourced through Grainger by U.S. Water Taxi. That said, the program will likely make the storing of Grainger items more efficient.
- h) **HSE News:** A conversation with the HSE Manager covered several areas. The benefit of integrating the fleet into the HSE solutions process was discussed. Vance recognized the value of doing this but stressed that HSE steers a policy through both corporate directives as well as other departments within Polar. The process often gets complicated and getting policies rolled out is challenging. As part of this discussion, the benefit of simplifying the existing policies and procedures was discussed. With over 2600 pages of policy, it can be challenging to manage. Other topics discussed were learning teams and an HSE initiative referred to as Psychological Safety. Further development of learning teams is on this year's business plan. Additional information about the Psychological Safety initiative will be communicated as it's received.
- i) **Shipboard Quality of Life Fund:** There is \$250K in a fund set aside to improve the quality of life for our mariners on board. Chris encouraged me to get more input from the fleet on how to implement these funds. I have presently heard from one vessel. Please discuss it and provide input either to me or directly to Chris and Johnna Miller through the normal communication channels.

Industry News

On January 9th, Reuters reported that Royal Dutch Shell Plc is seeking to sell the Shell Anacortes refinery. The intention to sell the refinery is part of Shell's strategy sell \$5 billion in assets per year in 2019 and 2020. According to the report, the company is trying to use this capital to build a power business as the world moves toward cleaner burning fuels. Refineries cannot change crude slates easily or without major investment. Consequently, it's my opinion that any sale of this refinery will not have an immediate impact.

On January 14th, the Anchorage Daily News reported that a group is claiming to have enough signatures to get a public referendum on the November 2020 ballot that aims to increase taxes paid by major oil producers in Alaska. The voters' initiative group, "Vote Yes for Alaska's Fair Share," has collected over 43,000 signatures, in excess of the 28,501 names required to get the initiative on the ballot. This is the latest round in what is a long history of controversy over Alaska's tax structure pertaining to the crude oil and gas industry. Changes in the recent past, made investment in Alaska more favorable. If this initiative passes, it could affect the decision process for future projects in Alaska. It is my opinion that the immediate effect of this initiative is that any impending financial investment decisions for further development in Alaska may be delayed until this vote is cast.

Fleet Council News

The fleet council recently held our first conference call for the year. We have identified the following goals for 2020:

- ❖ Organize and circulate for vote bylaws updates and minor changes to potentially include: a) an electronic balloting initiative, b) clarifying language on returning to work, and c) an umbrella policy for fleet employees performing projects outside of Polar (this will be preceded by additional information and surveys to members prior to progressing)
- ❖ A subcommittee will be formed to work on AMOA web site development and an electronic balloting initiative (Presently to be worked by Pete, Adam, and Brian, but if you would like to get involved with this, please let me know and you will be included)
- ❖ Develop and improve guidance to new fleet employees concerning financial and company benefits management
- ❖ Deck and Engine Delegate Elections (dates to be determined)

Closing Remarks

I am presently in my first week at the new world headquarters of AMOA. I have graduated from sitting on a cardboard box and will continue to make improvements over the next week. I have internet connectivity and a new land-based line for the office and a company-provided cell phone (new contact information below). My primary mission in Houston last week was to identify personal goal development for company business. Although this is still in process, from my discussions, it seemed like the best course of action was for me to provide service to all departments within Polar and not exclusively Engineering. As an example, I will be traveling with the Operations Manager and selected deck officers the first week of February to Seward, Alaska. My purpose will be to evaluate the engine room simulator capabilities at AVTEC as well as participate in the leadership discussions with the remainder of the group. This trip triggers a question that I hope will be vigorously debated around the MCR table. The question is if AVTEC is not a good option for engine room simulator training, what is a better alternative? I think Bob and I both feel the best training is often “home-grown.” Specifically, crisis management response training is the key objective. If you have any individual thoughts on the matter, please reach out to me.

Another project initiative I will be taking on is to assist with the gathering and sharing of lessons learned and best practices. As I ride the ships, a focus of mine will be continuing to gather information and experiences that will benefit and improve our operation. Any assistance you can give me with advancing this initiative will be greatly appreciated.

An objective with these updates is to provide members with as much relevant information as possible. Their length and frequency will be driven by that goal.

Best regards,

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Your Fleet Council – Kent Anderson (D), Drew Brown (D), Adam Estabrooks (Vice Chairman), Pete Feeney (Chairman), Mark Middleton (D), Brian Ross (Secretary/Treasurer), Leiden Tochtermann (D)