

ALLIANCE AGREEMENT

between

NETWORK RAIL INFRASTRUCTURE LIMITED

and

SCOTRAIL TRAINS LIMITED

Clause	Page No.
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AGREEMENT

between

- (1) **NETWORK RAIL INFRASTRUCTURE LIMITED**, registered in England and Wales under number 2904587 and having its registered office at Waterloo General Office, London, England, SE1 8SW (“NRIL”); and
- (2) **SCOTRAIL TRAINS LIMITED**, registered in Scotland under number SC328826 and having its registered office at 50 Waterloo Street, Glasgow, Scotland, G2 6HQ (“SRT”).

WHEREAS

- (A) NRIL is the owner and operator of and responsible for the main rail infrastructure in Scotland, England and Wales;
- (B) Abellio ScotRail Limited (as the previous operator of the ScotRail Operator Services) and NRIL entered into an alliance agreement on 9 April 2014 (the “First Alliance Agreement”) to reflect the alignment of their respective activities in Scotland and the performance of their respective roles in a spirit of co-operation and openness;
- (C) The Scottish Ministers established SRT to deliver the ScotRail Operator Services with effect from 1 April 2022;
- (D) The rights and obligations in terms of the First Alliance Agreement transferred to SRT with effect from 1 April 2022;
- (E) On 3 February 2023, the Scottish Ministers published their High Level Output Specification for what the Scottish Ministers require the rail industry to achieve with regard to Scottish railway activities during the review period covering 1 April 2024 to 31 March 2029 (“the HLOS”);
- (F) By way of a Memorandum of Agreement dated 14 May 2024 (“the MoU”), the Parties recorded how they wish to align their respective activities and to perform their respective roles in delivering the outputs specified by the Scottish Ministers and confirmed their intention to negotiate in good faith such amendments to the First Alliance Agreement as are required to reflect the role of the Alliance in delivering HLOS;

(G) The Parties now wish to utilise this Agreement to collaborate on the delivery of the HLOS Activities (as hereafter defined) together with any additional activities and to further strengthen and deepen the Alliance; and

(H) The Parties agree that this Agreement will have effect from the Commencement Date on the terms contained in this Agreement and that this Agreement will supersede the First Alliance Agreement and the MoU.

IT IS AGREED:

1. **INTERPRETATION**

1.1 In this Agreement, unless the context otherwise requires, the following words and expressions shall have the meanings ascribed to them:

“Access Agreement”	means any bilateral access contracts between NRIL and a beneficiary including without limitation track, station and depot access contracts;
“Alliance”	means the unincorporated alliance between the Parties in respect of the operation of the ScotRail Operator Services and Scotland Route, through the Alliance Executive and the Alliance Board;
“Alliance Board”	means the board of representatives appointed by each of the Parties from time to time pursuant to this Agreement;
“Alliance Executive”	means the executive committee of representatives appointed by each of the Parties from time to time and notified in writing to each Party within 28 calendar days of appointment;
“Alliance Term”	shall be consistent with the term of the ScotRail Grant Agreement unless subject to earlier termination pursuant to Clause 17;
“Annual Delivery Plan”	means in respect of each Joint Activity, the activities agreed to be undertaken by the Parties during each Financial Year as set out in Schedule Part 1 to this

Agreement as amended in accordance with clause 7.1 of this Agreement;

“Authorised Representative” means the representatives appointed by each of the Parties from time to time in accordance with Clause 5.2.1;

“Business Day” means Mondays to Fridays inclusive except for days which are bank or public holidays in Scotland;

“Collaboration Principles” means the overarching principles of collaborative working contained in the Schedule Part 2 which the Parties agree will be the basis of operation of this Agreement;

“Commencement Date” means the last date of signing of this Agreement;

“Companies Act” means the Companies Act 2006;

“Confidential Information” means the terms of this Agreement and all information (whether oral, written or in any other form) of a confidential and/or commercially sensitive nature made available or disclosed by or on behalf of a Discloser to a Recipient (whether before or after this Agreement is actually entered into), for the purpose of or pursuant to this Agreement, together with any information derived from such information and any analyses, compilations, studies and other material prepared by the Recipient which contain or otherwise reflect or are generated from such information.

“Control” (including, with correlative meaning, the terms “controlled by” and “under common control with”) means the possession, direct or through one or more intermediaries or together with persons acting in concert (as such term is defined for the purposes of The City Code on Takeovers and Mergers), of the power to direct or cause the direction of the management or policies of any person and, without limitation, for the

purposes of this Agreement, an interest in shares in the capital of a company conferring in the aggregate 50% or more of the total voting rights conferred by all the issued shares in the capital of that company shall be deemed to confer control of that company;

“Discloser”

means the relevant Party by or on whose behalf Confidential Information is made available or disclosed;

“Final Determination”

means the ORR’s determination of what Network Rail is expected to deliver with respect to its operation, support, maintenance and renewal of the network during control period 7 and how the available funding should be best used to support this.

“Financial Year”

shall have the meaning ascribed to it in section 390 of the Companies Act and for the purposes of this Agreement shall have a 31 March year end;

“Group”

means in relation to a company, that company, any wholly-owned subsidiary of that company, any holding company of which that company is a wholly-owned subsidiary and any other wholly-owned subsidiary of such a holding company;

“HLOS Activities”

means the activities which the Parties consider are necessary to meet the Scottish Ministers’ requirements in terms of the HLOS (as specified here: [Scottish Ministers’ High Level Output Specification \(HLOS\) - Control Period 7 - 2024 – 2029 | Transport Scotland](#)) and interpreted as stated here: [PR23 final determination: summary of conclusions and settlement for Scotland \(orr.gov.uk\)](#))

“Joint Activities”

means together the:

- (i) the HLOS Activities; and

(ii) any New Collaboration Activities,

and as may be amended from time to time in accordance with clause 7.2 of this Agreement;

“Joint Activities Table”

means the table containing the Joint Activities contained at paragraph 5 of Part 1 of the Schedule to this Agreement, and which table shall include:-

- In respect of the HLOS Activities, the requirement as described by Scottish Ministers HLOS for CP7 and the Office of Rail and Road’s response in their Final Determination (Columns A and B respectively);
- In respect of any New Collaboration Activities, the requirement for the relevant activity and the scope of the activity as agreed by the Alliance Executive (Columns A and B respectively);
- In respect of each and every Joint Activity:
 - A description of the output / outcome prepared by the project team (Column C)
 - The key activities to be delivering in the current financial year (Column D)
 - The key achievements of the previous year (Column E)
 - The Directors and Senior Managers who are respectively accountable and responsible for delivery of each collaborative project (Columns F to I)
 - The Scotland’s Railway strategic objective which this collaborative

project will support delivery of (Column J).

“Network”	means the network of which NRIL is the operator pursuant to its Network Licence;
“Network Licence”	means the licence granted to NRIL on 31 March 1994 pursuant to section 8 of the Railways Act 1993 as amended from time to time;
“New Collaboration Activities”	means any activities identified by the Parties subsequent to the Commencement Date (including any activities identified in terms of paragraph 2 of Schedule Part 1 and/or any other activities identified as supporting, strengthening and deepening the Alliance or collaboration or alignment between the Parties) that are agreed acting through the Alliance Executive in accordance with Clause 6.3;
“Office of Rail and Road” or “ORR”	means the body established under section 15 of the Railways and Transport Safety Act 2003;
“Parties”	means NRIL and SRT and their permitted assignees and successors together with all other persons who are parties to this Agreement from time to time (and each a “Party”);
“Rail Portfolio Board”	<p>means the quarterly forum, whose purpose is to enable Transport Scotland’s Chief Accountable Officer to:</p> <ul style="list-style-type: none"> (a) be assured that Transport Scotland’s investments across the rail portfolio are being managed and delivered to a high standard, in line with the ORR’s Final Determination and/or direct grant awards from the Scottish Government; (b) support and/or endorse any process or decision presented to the board in relation to all organisations working with a common goal and

agenda to achieve an ever more safe, efficient and competitive railway in Scotland.

and such definition shall include any successor.

“Recipient”

means the relevant Party receiving Confidential Information;

“Retained Functions”

means:

- (a) the process of assembling, validating and publishing the timetable;
- (b) charge setting and collection and contracting policy;
- (c) the activities of the strategic planning team; and/or
- (d) the setting, collection and administration of access charges and access rights under Access Agreements (whether with SRT or with any other operator);

“Schedule”

means the schedule in 3 parts annexed to this Agreement;

“Scotland Route”

means the Network in Scotland including any interconnecting routes;

“ScotRail Operator Services”

means the provision of passenger rail services by SRT pursuant to the ScotRail Grant Agreement;

“ScotRail Grant Agreement”

means the agreement in respect of the ScotRail Operator Services between the Scottish Ministers and Scottish Rail Holdings Limited and ScotRail Trains Limited dated 31 March 2022 as may be amended or replaced from time to time;

“System Operator”	has the meaning set out in Condition 2.6 of the Network Licence;
“Track Access Agreement”	means the track access agreement between First ScotRail Limited and Network Rail Infrastructure Limited dated 3 March 2016 as amended and assigned to SRT with effect from 1 April 2022;
“Transport Scotland”	means the national transport agency for Scotland; and
“Ultimate Accountabilities”	means in relation to the Parties each Party’s ultimate accountabilities or responsibilities deriving by reason of statutory or regulatory requirements, licences, the ScotRail Grant Agreement and/or requirements in a regulated contract or contract of employment.

1.2 In this Agreement, unless the context otherwise requires:

- 1.2.1 reference to any statute or statutory provision includes a reference to any statute or statutory provision which amends, extends, re-enacts or replaces the same or which has been amended, extended, re-enacted or replaced by the same and shall include any orders, regulations, instruments or other subordinate legislation made under the relevant statute or statutory provision whether before or after the date hereof;
- 1.2.2 reference to Recitals and Clauses and subdivisions thereof are references to the recitals and clauses of this Agreement and subdivisions thereof and references to Parts are references to parts of the Schedule;
- 1.2.3 a reference to the singular includes a reference to the plural and *vice versa* and a reference to any gender includes a reference to all other genders; and
- 1.2.4 references to persons shall include natural persons, bodies corporate, unincorporated associations, partnerships, joint ventures, trusts or other entities or organisations of any kind, including (without limitation) government entities (or political subdivisions or agencies or instrumentalities thereof).

1.3 Reference to this Agreement shall include the Recitals and the Schedule which shall each form part of this Agreement.

1.4 The headings in this Agreement are for convenience of reference only and do not form part of this Agreement and shall not affect its validity or construction.

2. COMMENCEMENT

2.1 This Agreement shall have effect from the Commencement Date and shall subject to earlier termination pursuant to Clause 17 (Termination of the Alliance) continue for the duration of the Alliance Term.

3. UNDERTAKINGS

3.1 In performing its obligations pursuant to this Agreement each Party undertakes to the other that:

- 3.1.1 it shall act in good faith towards the other Party;
- 3.1.2 it will do all things necessary or reasonably desirable to give effect to the spirit and intention of this Agreement subject always to its statutory and or contractual obligations and/or Ultimate Accountabilities; and
- 3.1.3 the operation of the Alliance shall be without prejudice to existing and/or future operators' rights to access the railway on a fair and non-discriminatory basis.

3.2 Each Party agrees and undertakes to the other that the Joint Activities shall be managed in accordance with and subject to:

- 3.2.1 the Collaboration Principles;
- 3.2.2 this Agreement; and
- 3.2.3 all other relevant agreements including without limitation the ScotRail Grant Agreement, NRIL's Licence, the Track Access Agreement and the Network Code.

In the event of any ambiguity or conflict arising between the terms of this Agreement and the Collaboration Principles the terms of this Agreement shall prevail.

3.3 The Parties wish to enter into an Alliance in order to collaborate and deliver the Joint Activities.

4. PURPOSE OF THE ALLIANCE

- 4.1 The Parties agree and undertake to each other that the purpose of the Alliance is to integrate track and train in order to deliver the best outcomes for Scotland's economy, society and users of the railway.
- 4.2 In performing their obligations in terms of Clause 4.1 (above), the Parties agree that the Joint Activities shall be conducted on sound commercial principles and in accordance with the Collaboration Principles, subject always to each Party's Ultimate Accountabilities including without limitation all applicable competition law, the Railways Infrastructure (Access & Management) Regulations 2005, regulatory compliance, or contractual obligations or limitations that may apply.

5. THE ALLIANCE BOARD

- 5.1 The Alliance Board shall hold responsibility for the collaboration between Network Rail and SRT which collaboration shall include (i) the removal of friction between the Parties which wastes time and resource (ii) the simplification of processes to support better engagement and help make the Joint Activities more efficient and (iii) identification of opportunities to evolve and deepen the collaboration. For the avoidance of doubt, the Alliance Board shall not replicate the governance functions of the Rail Portfolio Board, or any other relevant governance forum in respect to the Joint Activities nor shall it interfere with the Ultimate Accountabilities of either Party.

5.2 Composition of the Alliance Board

- 5.2.1 Each Party shall be entitled to appoint two representatives to the Alliance Board as its Authorised Representatives, which may include members of its Group. Each Authorised Representative shall be a senior member of the relevant Party's organisation or Group and shall be authorised to represent and bind their appointer on any matter relating to this Agreement;
- 5.2.2 A Party may change its Authorised Representative by giving five (5) business days' written notice in advance of the change to the other Party. A replacement Authorised Representative shall have an equivalent level of experience and capability as the Authorised Representative he/she is replacing;
- 5.2.3 Without prejudice to their rights to appoint and remove Authorised Representatives pursuant to Clauses 5.2.1 and 5.2.2, the Parties undertake

to each other that they will consult with each other and have regard to any representations made, so far as practicable, prior to the exercise of such rights, including, without limitation, with regard to the identity of any proposed representative.

- 5.2.4 The Authorised Representatives shall not be entitled to any remuneration or other emoluments by reason of their appointment.
- 5.2.5 It is agreed between the Parties that neither of them nor any Authorised Representative appointed by them shall be entitled to take, or permit to be taken any action or decision on behalf of the Alliance (including without limitation any action or decision relating to the conduct of affairs of the Alliance) without any prior approval of the Alliance Board required in terms of this Agreement.
- 5.2.6 The Parties shall invite a senior representative from Transport Scotland to attend the Alliance Board. Where such representative attends this will be in an observer capacity only (in terms of which such representative may participate in discussions but shall not be entitled to vote).
- 5.2.7 A chairperson shall be appointed by rotation from the Alliance Board members of each Party. Each chairperson shall hold office for 12 months. In the event that the chairperson is not present at any meeting of the Alliance Board, an alternative Alliance Board member of that Party shall act as chairperson at that meeting. One of NRIL's representatives shall act as the initial chairperson of the Alliance Board.

5.3 **Functions of the Alliance Board**

The functions of the Alliance Board shall include without limitation:

- 5.3.1 Development of appropriate measures to demonstrate the realisation of benefits to the Parties through the Alliance;
- 5.3.2 Monitoring performance of the Alliance, including adherence to this Agreement;
- 5.3.3 Monitoring Alliance risks and risk management and offering advice and highlighting opportunities for continuous improvement;

5.4 Meetings of the Alliance Board

5.4.1 Alliance Board meetings shall be convened in any appropriate form or forms (including, without limitation, by means of video conferencing) at regular intervals and no less than quarterly. The notice in relation to any particular proposed Alliance Board meeting shall include a reasonably detailed agenda of the business to be considered thereat. Only business specified in such agenda shall be considered at Alliance Board meetings unless otherwise agreed.

5.4.2 The Parties acknowledge that continuous involvement in and attendance at the Alliance Board meetings is critical to the success of the Alliance. Accordingly, each Party shall ensure that its Authorised Representatives attend the meetings of the Alliance Board or that a suitable alternative attends.

5.5 Decisions

5.5.1 No decision can be made by the Alliance Board unless:

- (a) one Authorised Representative of each Party is present;
- (b) the decision is unanimous; and
- (c) it is within the matters contemplated by this Agreement and is made in accordance with this Agreement.

5.6 Compliance with decisions

5.6.1 Subject to Clauses 5.6.2 each Party must comply with an Alliance Board decision.

5.6.2 If a Party at its absolute discretion thinks that compliance with an Alliance Board decision would cause the Party or the Party's officers, directors, agents, or employees to do or omit to do anything that contravenes its internal governance, any law, contractual obligation or statutory requirement including without limitation Ultimate Accountabilities, or the Party's constituent statute, constitution, memorandum or articles of association, the Party need not comply, but must as soon as practicable give notice in writing to the other Party providing the details of the law or statutory requirement, or the Party's internal governance, constituent

statute, constitution, memorandum or articles of association, as the case may be, that will be so contravened and the Alliance Board will then make an alternative decision in respect of the relevant matter.

5.7 **Disclosure of conflict of interest**

5.7.1 A Party's Authorised Representative on the Alliance Board must fully disclose to an Alliance Board meeting, any conflicting interest or duty, or potential conflict of interest or duty, the representative may have (whether personally or as a representative) before participating in a discussion on any relevant issue or making a decision about that issue. A representative who has made full disclosure may fully participate in any discussion and decision, even though the representative has or may have a conflicting interest or duty. For the purposes of this Clause 5.7.1, a conflict of interest will include any corporate or other objective or affiliations of a Party that could reasonably be considered to have an adverse impact on the achievement of the Alliance Objectives. A conflict of interest is not created merely by the fact that a representative is an appointee and/or an employee of a Party.

6. **ALLIANCE EXECUTIVE**

- 6.1 The Parties agree that the Alliance Executive are responsible for the day to day management of the Alliance through the existing relevant forums, including the Rail Portfolio Board.
- 6.2 The Parties agree that the Joint Activities are entered into to further the Alliance and they shall progress each relevant Joint Activity on such basis as may be agreed between them at the Alliance Executive.
- 6.3 Subject to clause 6.4, the Parties acting through the Alliance Executive may at any time alter, increase or decrease the number and scope of Joint Activities by mutual agreement and shall as soon as reasonably possible inform the Alliance Board in writing of such changes.
- 6.4 The Parties agree that no changes can be made to the HLOS Activities unless agreed by Transport Scotland and the ORR.

- 6.5 The Parties shall provide quarterly updates on the progress of the Joint Activities to the Alliance Executive. The reports will be provided to the Alliance Board for their information.
- 6.6 The Alliance Executive shall notify the Alliance Board in writing where (i) it considers that any of the Joint Activities are at risk of failing to meet the progress and/or actions identified in respect of that Joint Activity or where (ii) any Joint Activity will require a change control request to be submitted to the ORR and/or Transport Scotland.

7. **JOINT ACTIVITIES**

- 7.1 Paragraph 4.1 of Schedule Part 1 to this Agreement contains the Annual Delivery Plan as at the date of this Agreement.
- 7.2 By no later than 31 January of each year the Parties shall review and agree in writing the draft Annual Delivery Plan for the forthcoming Financial Year and thereafter submit the draft Annual Delivery Plan to the Alliance Board for its information (all in accordance with paragraph 4.2 of Schedule Part 1).
- 7.3 The Parties acknowledge that in order to effectively operate the Alliance a degree of integration of premises, facilities, equipment and/or IT is necessary. Details of the integrated approach shall be agreed by the Parties where necessary in relation to the Joint Activities (having due regard to potential TUPE implications of any such integration).

8. **ULTIMATE ACCOUNTABILITIES**

- 8.1 Each Party acknowledges that the other Party has certain obligations, accountabilities and/or responsibilities in respect of its Ultimate Accountabilities and, so far as it is reasonably able to do so, each Party shall act and shall procure that its Affiliates and its Authorised Representatives act in a manner designed to enable both Parties to discharge their respective Ultimate Accountabilities.
- 8.2 Each Party shall remain ultimately responsible and accountable for its own Ultimate Accountabilities.
- 8.3 Notwithstanding the delegation by a Party of any authority in relation to the management of any Ultimate Accountabilities to its Authorised Representative, each Party shall retain oversight and final and ultimate decision making authority in

relation to its Ultimate Accountabilities within the operation and management of the Alliance, including the right to overrule any decision taken by the Alliance Board in relation to its Ultimate Accountabilities.

- 8.4 Where a Party is of the opinion (in its sole discretion) that any of its Ultimate Accountabilities are not being properly discharged, that Party shall be entitled to intervene in the management of such Ultimate Accountabilities and direct the further management and conduct in relation to those Ultimate Accountabilities or otherwise take such action it deems necessary or desirable (in its sole discretion) to discharge its Ultimate Accountabilities as it sees fit.
- 8.5 If a Party requires the Alliance Board to take any action, carry out any task or perform a particular function in the discharge of that Party's Ultimate Accountabilities including without limitation the removal of a member of the executive committee (an "Ultimate Accountability Direction") it shall notify the Alliance Board accordingly and the Parties shall procure that the Alliance Board shall comply with such Ultimate Accountability Direction;
- 8.6 In the event of a dispute arising following the service of an Ultimate Accountability Direction regarding whether a matter forms part of a Party's Ultimate Accountabilities or as to the reasonableness of the steps (including where relevant the cost) required by a Party in that Ultimate Accountability Direction, the Party that issues the Ultimate Accountability Direction shall nevertheless and notwithstanding any provision to the contrary in this Agreement, be entitled to procure that the matter is discharged in accordance with its Ultimate Accountabilities as it sees fit.

9. OTHER OPERATORS

- 9.1 SRT acknowledges and agrees that NRIL shall retain sole responsibility for the Retained Functions as part of its role as System Operator. Nothing in this Agreement shall:
 - 9.1.1 limit or fetter the exercise and discharge by NRIL of its powers, responsibilities, rights and discretions from time to time in respect of the Retained Functions; or
 - 9.1.2 require NRIL to account to SRT in respect of how it exercises or discharges the Retained Functions.

10. RISK ALLOCATION AND INSURANCE

- 10.1 The detailed risk allocation and insurance requirements shall be in accordance with the provisions of Schedule Part 3.
- 10.2 The Parties shall as soon as reasonably practicable after entering into this Agreement review the provisions of Schedule Part 3 (together with their insurers) and agreed revised provisions.

11. REVENUE SUPPORT

In relation to the operation of schedule 4 and schedule 8 of the Track Access Agreement (the "Schedules 4 and 8 Regime") each Party agrees:

- 11.1 to act in good faith in relation to the operation of the Schedules 4 and 8 Regime;
- 11.2 it shall not behave in a manner or take steps intentionally and/or solely designed or intended to manipulate the operation of the Schedules 4 and 8 Regime;
- 11.3 each shall, upon the reasonable request of the Scottish Ministers, make available to the Scottish Ministers their respective delay attribution records and files; and
- 11.4 in relation to NRIL only, upon the reasonable request of the Scottish Ministers, NRIL shall make available to the Scottish Ministers:
 - 11.4.1 all Exceptions Reports; and
 - 11.4.2 all Schedule 4 Statements and Schedule 8 Statements (if any), issued by NRIL to SRT during the operation of the Alliance.

12. ACCESS AGREEMENTS

- 12.1 This Agreement does not amend any Access Agreement between the Parties (including, for the avoidance of doubt, the Track Access Agreement), and the Parties hereby agree that this Agreement shall be construed accordingly.
- 12.2 The Parties agree and undertake to comply with their respective obligations under any Access Agreement between them as if this Agreement were not in place.
- 12.3 Nothing in this Agreement shall in any way limit or fetter the exercise by a Party of any of its rights and discretions for the time being under any Access Agreement between the Parties.

12.4 If any provision in this Agreement should, at any time in the future, have or be deemed to have the effect of amending or giving rise to a purported amendment to an Access Agreement, such provision shall to that extent be deemed not to form part of this Agreement but the validity, legality and enforceability of the remainder of this Agreement will not be affected, provided that the operation of this Clause 12.4 would not negate the commercial intent and purpose of the Parties in entering into this Agreement.

13. SAFETY MANAGEMENT

13.1 The respective Parties are responsible for ensuring compliance with their own safety management systems in undertaking the arrangements created by this Agreement.

14. PERSONNEL

14.1 The Parties agree that:

14.1.1 there are no individuals, employed by either of them, whose contracts of employment will transfer to the other Party by virtue of the Alliance;

14.1.2 each Party shall remain financially responsible for its employees; and

14.1.3 the operation of the Alliance is not intended to change the relevant employing entity of any individual(s) who may work on the Joint Activities from time to time and, as such, the Parties agree any such individual(s) remain(s) employed by their existing relevant employing entity.

15. COSTS AND REVENUES

15.1 The Parties shall work together to develop a transparent approach to overall costs and revenues including, but not limited to, developing and maintaining a whole industry financial model updated on a periodic basis.

15.2 Notwithstanding the provisions of Clause 15.1, the Parties will:

15.2.1 each remain responsible for maintaining their own corporate records including separate accounting records and profit and loss accounts; and

15.2.2 assist with requests for the provision of records.

16. **INTELLECTUAL PROPERTY**

16.1 Subject to Clause 16.2 each Party hereby grants for the duration of the Alliance Term to the other Party and to be used only for the purpose of the Joint Activities and the implementation in accordance with Clause 16.7 below, an irrevocable, non-exclusive, non-transferable, royalty-free licence to use such intellectual property (including future intellectual property) as is owned by that Party and/or which that Party has the right to disclose, licence or sub-license in the manner contemplated by this Clause 16.1 and which is reasonably required for the purposes of the Joint Activities.

16.2 Clause 16.1 shall only apply to the extent that the Party is able to grant such a licence of its Intellectual Property and where any relevant Intellectual Property is or becomes vested in a third party, the relevant Party shall use reasonable endeavours to procure the grant of a like licence to that referred to in Clause 16.1 to the other Party.

16.3 Subject to Clause 20 (Confidential Information) and any other restrictions imposed on either Party, each Party shall as from the date of this Agreement deliver to the other Party at the other Party's reasonable request copies of the Intellectual Property licensed or sub licensed under Clause 16.1 and all supporting documents (to the extent that it is the relevant Party's possession, custody or control at the date of such request) which is reasonably required for the purposes of the Joint Activities.

16.4 Unless otherwise agreed in writing, any Intellectual Property that is developed jointly by the Parties during the Alliance Term and for the purpose of the Alliance Activities ("Alliance IP"), shall be jointly owned and held in equal shares by the Parties. To the extent that legal title in any Alliance IP does vest in only one Party as a matter of law, that Party hereby assigns (or where immediate assignment is not effective, agrees to assign) wholly and absolutely, all of its right, title and interest in such Alliance IP, including the right to sue for damages for past infringements, to both Parties to hold in equal shares. The assigning Party shall promptly do all such things and execute all such documents as may be necessary to give full effect to such assignation and give to the other Party the full benefit of its rights under this Clause 16.4.

16.5 Each Party hereby grants to the other Party an irrevocable, worldwide nonexclusive, royalty free, freely transferable and perpetual licence to use, licence and sub-license the Alliance IP solely for the purpose of the Party's or its Group's business and in accordance with Clause 16.7 below.

16.6 Each Party shall retain sole ownership of:

- 16.6.1 its own Intellectual Property in existence at the date of this Agreement; and
- 16.6.2 unless otherwise agreed in writing, all Intellectual Property which is created or acquired by that Party after the date of this Agreement and which is not Alliance IP.

16.7 In using any Intellectual Property or Alliance IP licensed or sub-licensed to it in accordance with Clause 16.1 or Clause 16.5 (as the case may be), each Party shall comply with (and shall procure that its Group and permitted licensees, sub-licensees and assignees shall comply with) the terms of the applicable licence and any prevailing conditions, policies and/or standards governing use of such Intellectual Property and/or Alliance IP.

16.8 Neither Party shall except as provided by Clause 16.5:

- 16.8.1 use or permit any person to use the Alliance IP or license or sub-license any rights in the Alliance IP; or
- 16.8.2 assign the Alliance IP to any person

without the prior written consent of the other Party (such consent not to be unreasonably withheld or delayed).

17. TERMINATION

- 17.1 The Parties shall develop and agree plans for unwinding the Joint Activities insofar as necessary on a project by project basis and to consider in the Annual Delivery Plan process the holistic resilience position on termination.
- 17.2 At NRIL's absolute discretion this Agreement may be terminated on the termination of the ScotRail Grant Agreement by notice in writing from NRIL to SRT.
- 17.3 This Agreement may be terminated by either Party giving one year's written notice (or such other period of time as may be agreed) to the other of its intention to terminate this Agreement.
- 17.4 On the expiry or termination of this Agreement howsoever arising each party shall as a continuing obligation comply with its obligations pursuant to the Unwind Plan.

18. NO PARTNERSHIP, MERGER OR JOINT VENTURE

None of the provisions of this Agreement shall be deemed to constitute a partnership or merger or to create a relationship of principal and agent and no Party shall have any authority to bind the other Party in any way. The only relationship of joint venture between the Parties is as expressly set out in this Agreement, and no additional relationship of joint venture is intended or shall be construed.

19. COSTS

Each Party shall be liable for its own costs and expenses incurred in connection with the negotiation and preparation of this Agreement and all matters referred to therein.

20. CONFIDENTIAL INFORMATION AND FREEDOM OF INFORMATION

20.1 Each Recipient undertakes to the Discloser that, subject to Clause 20.2, it will not disclose any Confidential Information to any person other than to such directors, employees, advisers and providers of finance of/to it and any member of its Group and that it will use and procure that the Confidential Information is used by those persons to whom it discloses Confidential Information solely in connection with its interests or proposed interests in the Alliance and this Agreement. Each Recipient further undertakes to procure that all persons to whom the Confidential Information is passed are made aware of the confidential and/or commercially sensitive nature of such information and that they observe the terms of this undertaking as if they were parties to it and the Recipient shall be responsible for any breach of its terms by any of them.

20.2 Clause 20.1 shall not apply to any disclosure of Confidential Information:

- 20.2.1 required by any applicable law, a court of competent jurisdiction or any governmental or regulatory authority, including in accordance with clause 20.4;
- 20.2.2 where a party can demonstrate that such Confidential Information is already generally available and in the public domain otherwise as a result of a breach of clause 20.1;
- 20.2.3 which is already lawfully in the possession of the Recipient, prior to its disclosure by the Discloser; and

20.2.4 by either party relating to the Agreement and in respect of which the other party has given its prior written consent to disclosure; or

20.2.5 to the United Kingdom parliament or any other department, office or agency of the UK government, the Scottish Ministers or any department, office, agency or officer of the Scottish Government, including Transport Scotland, Scottish Rail Holdings Limited, the Office of Road and Rail (or any other regulator or regulatory body) or if otherwise required to do so under the ScotRail Grant Agreement.

20.3 Each Party acknowledges and agrees that:

20.3.1 if any of the provisions of this Clause are breached or violated damages may not be an adequate remedy and accordingly the Discloser shall be entitled without proof of special damages to seek an interdict or other interim remedy for any threatened or actual breach of the provisions of this Clause; and

20.3.2 no failure or delay on the part of a Party in exercising any rights or powers herein shall operate as a waiver thereof and a single or partial exercise shall not prevent any other or further exercise thereof or the exercise of any other right or power available.

20.4 Each Party acknowledges and agrees that either Party may be required, under the Freedom of Information Act 2002, the Environmental Information Regulations 2004, the Freedom of Information (Scotland) Act 2002 and/or the Environmental Information (Scotland) Regulations 2004 to respond to requests for information relating to the subject matter of this Agreement and shall provide such reasonable assistance as the other Party may require to respond to such requests.

21. **DATA PROTECTION**

21.1 Each Party shall, at its own expense, ensure that it complies with and assists the other Party to comply with the requirements of all legislation and regulatory requirements in force from time to time relating to the use of personal data and the privacy of electronic communications, including the (i) Data Protection Act 2018 and any successor legislation, (ii) retained EU law version of the General Data Protection Regulation ((EU) 2016/679), and (iii) Privacy and Electronic Communications Regulations 2003 (SI 2003/2426).

22. **DISPUTES**

22.1 The Parties agree in relation to any dispute under this Agreement the Parties will adopt a "no disputes culture" whereby each Party agrees to act in good faith to resolve any disagreements in an amicable and on a consensual basis.

22.2 Where a dispute arises in relation to any of the Joint Activities or any aspect of interpretation or implementation of this agreement, **senior members of the relevant Party's organisation** shall examine the circumstances to determine an appropriate resolution. In all such cases, the circumstances and resolution reached shall be reported to the Alliance Board for acknowledgement and (where applicable) agreement.

22.3 Where agreement cannot be reached by the **senior members**, the matter shall be referred to the Alliance Board for resolution.

22.4 In all cases where a matter of Ultimate Accountability is part of the dispute, the member with that Ultimate Accountability will have final say as to the outcome of that dispute to the extent of that Ultimate Accountability.

23. **WAIVER, FOREBEARANCE AND VARIATION**

23.1 The rights of the Parties shall not be prejudiced or restricted by any indulgence or forbearance extended to the other Party and no waiver by either Party in respect of any breach shall operate as a waiver in respect of any subsequent breach.

23.2 Any variation or cancellation or any provision of this Agreement shall only be effective if expressly agreed in writing by each of the Parties.

24. **INVALIDITY**

24.1 If any of the provisions of this Agreement become invalid, illegal or unenforceable in any respect under any applicable law, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired. Where, however, the provisions of such applicable law may be waived, they are waived by the Parties to the fullest extent permitted by law to the end that this Agreement shall be deemed to be a valid and binding Agreement enforceable in accordance with its terms.

24.2 In the event that any provision of this Agreement becomes invalid, illegal or unenforceable, the Parties agree to substitute for such invalid, illegal or unenforceable provision a new provision which serves the purpose of the invalid, illegal or

unenforceable provision to the fullest possible extent and shall otherwise agree to the amendment or variation of this Agreement to restore the balance of the Parties' respective interests in this Agreement.

25. **NOTICES**

25.1 Any notice, communication or demand to be served under or in connection with this Agreement shall be sufficiently served if it is delivered by personal service or sent by recorded delivery letter addressed:

25.1.1 in the case of NRIL, to the address of NRIL set out in this Agreement, marked for the urgent attention of the Company Secretary, or to such other address in the United Kingdom as NRIL may notify in writing to the other Parties from time to time;

25.1.2 in the case of SRT, to the address of SRT set out in this Agreement, marked for the urgent attention of the Managing Director, or to such other address in the United Kingdom as SRT may notify in writing to the other Parties from time to time.

25.2 Any such notice, communication or demand posted as aforesaid shall be deemed to have been received:

25.2.1 in the case of delivery in person or by courier, when delivered; and

25.2.2 in the case of posting, two days after the date that it was posted.

25.3 In proving service, it should be sufficient to prove that the envelope containing such notice, communication or demand was properly addressed and either:

25.3.1 delivered in person or by courier; or

25.3.2 stamped and put in the post.

26. **ENTIRE AGREEMENT**

26.1 Each of the Parties confirms that this Agreement and the documents referred to in it set out the entire agreement and understanding among the Parties in relation to the subject matter of this Agreement and that no other Party has made or given to it any representation, warranty or undertaking which is not set out or referred to in this Agreement or those documents (and to the extent that any such representation,

warranty or undertaking has been given or made, it is deemed that it has not been made).

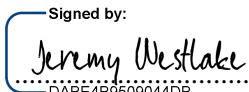
26.2 Without prejudice to the generality of Clause 26.1 each of the Parties confirms that this Agreement supersedes all previous proposals, agreements and other communications whether written, oral or otherwise, in relation to the subject matter of this Agreement (including, but not limited to, the First Alliance Agreement and the MoU).

27. **GOVERNING LAW AND JURISDICTION**

This Agreement shall be construed in all respects in accordance with, and it and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by, the laws of Scotland.

IN WITNESS WHEREOF, these presents consisting of this and the preceding 24 pages and the Schedule in 3 Parts are executed as follows:

SUBSCRIBED for and on behalf of the said **NETWORK RAIL INFRASTRUCTURE LIMITED**

by  Signed by:
Jeremy Westlake
DABE4B9509044DB... a director thereof

at London

on 08 October 2024 | 11:14 AM BST

in the presence of:  Signed by:
Ruth Hefferon
C95483BE73824DB...

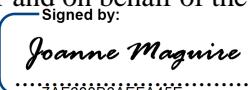
Witness

Name: Ruth Hefferon

Address: C/o Network Rail Infrastructure Limited,

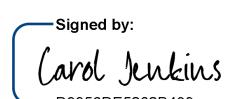
Waterloo General Office, London, England, SE1 8SW

SUBSCRIBED for and on behalf of the said **SCOTRAIL TRAINS LIMITED**

by  Signed by:
Joanne Maguire
7AF688B6AEFA45E... a director thereof

at Glasgow

on 08 October 2024 | 8:40 AM BST

in the presence of:  Signed by:
Carol Jenkins
D8866DE5202B489...

Witness

Name: Carol Jenkins

Address: C/o Scotrail Trains Limited, 50 Waterloo Street

Glasgow, Scotland, G2 6HQ

SCHEDULE PART 1

JOINT ACTIVITIES & ANNUAL DELIVERY PLAN

1. The HLOS Activities

- 1.1 These are the activities which Network Rail and ScotRail consider are necessary to meet the Scottish Ministers' requirements in terms of the HLOS (as specified here: [Scottish Ministers' High Level Output Specification \(HLOS\) - Control Period 7 - 2024 – 2029 | Transport Scotland](#)) and interpreted as stated here: [PR23 final determination: summary of conclusions and settlement for Scotland \(orr.gov.uk\)](#))
- 1.2 The 47 projects which comprise the HLOS Activities, and which Network Rail and ScotRail have agreed to jointly progress, are contained in the Joint Activities Table as at the date of this Agreement.

2. New collaboration projects

- 2.1 These are activities which are not necessary to meet the Scottish Ministers' requirements in terms of the HLOS, but Network Rail and ScotRail believe should be developed to further collaboration and integration.
- 2.2 Any new collaboration projects approved for delivery by the Alliance Executive will be recorded in, and reported on in terms of, the Joint Activity Table. Those which are not approved for delivery will either be rescoped and the development phase repeated or closed, as instructed by the Alliance Executive.
- 2.3 The following new collaboration areas have been identified:
 - **Safety** - whilst each business has its own safety accountabilities which should not be diminished, we believe there is more we can do together to improve staff and customer safety.
 - **Community Engagement** - we can embed Scotland's Railway within our local communities to much greater mutual benefit by engaging as a single entity rather than two separate interests.
 - **Property** - we believe there is a more efficient and effective way of maintaining and operating our stations and depots.
 - **Communications** - we can do more to inform and engage with customers and stakeholders in a timely and accurate single voice.

3. Reshaping our business

3.1 In addition to the Joint Activities, Directors from ScotRail, Scottish Rail Holdings, Transport Scotland and Network Rail will identify a fully resourced project team from each organisation to progress a development workstream to reshape our business.

Current whole industry position:

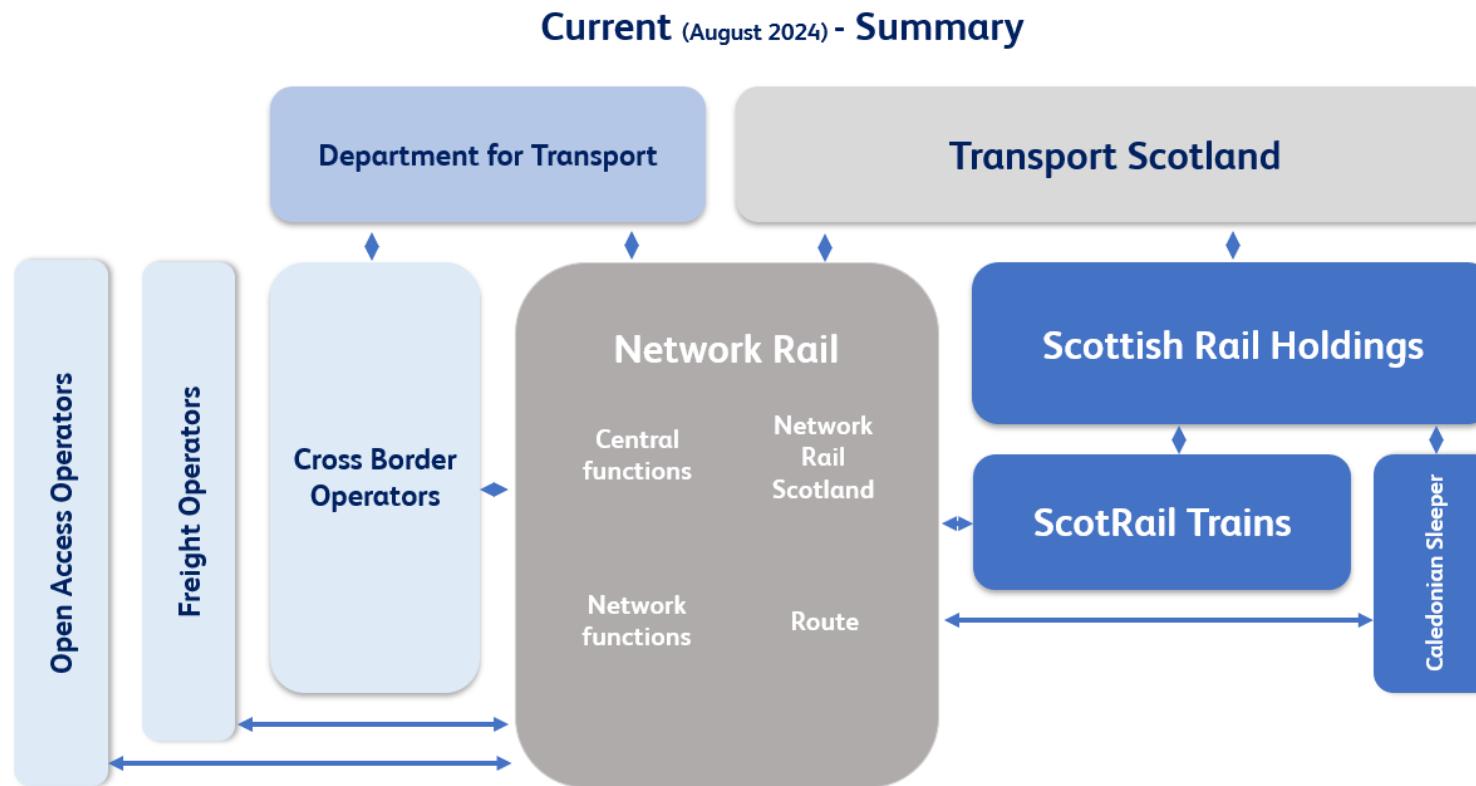


Figure 1: Rail industry structure

This Alliance Agreement between Network Rail and ScotRail is a building block for re-shaping our business.

Options to be developed and assessed by the project team are:

1. Collaboration Agreement between Scottish Rail Holdings and Network Rail relating to whole industry activities such as Strategic Planning and Investment Sponsorship.
2. Industry structural change options within existing legislation – see Figure 2.

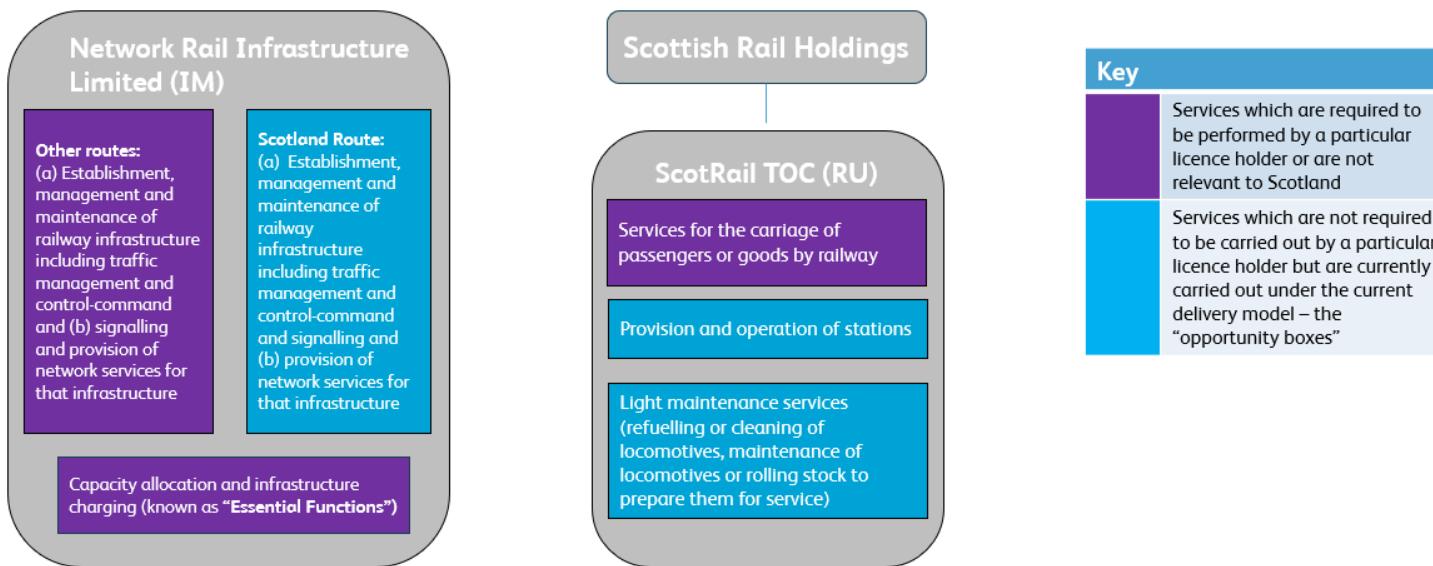


Figure 2: Industry structural options within existing legislation

Please note that within “Essential Functions” Network Rail has a licence condition to undertake Strategic Planning for the whole industry.

3. Great British Railways (GBR):

Develop options for greater alignment of the rail business in Scotland as GBR develops, taking cognisance of Scottish Ministers' existing devolved responsibilities that must be respected.

4. Annual Delivery Plan(s)

4.1 HLOS Activities

4.1.1 The accountable Directors from Network Rail and ScotRail will, for each of the HLOS Activities, jointly ensure the following is submitted to the December 2024 meeting of the Alliance Executive:

- A listing of all of the relevant activities which fall within the project scope currently undertaken by Network Rail and ScotRail and through a venn diagram clearly showing which can be jointly delivered and those, if any, which have to be delivered separately due to the Ultimate Accountabilities (noting that some Ultimate Accountabilities are moveable in the long term but not immediately).
- Identify the sources of friction which have been encountered in delivering the project to date and the actions required to remove/reduce this friction
- State whether the project is fully integrated (one team) and if not, whether it is being delivered through collaboration, or else aligned objectives:
 - **Aligned objectives** (i.e., delivering an output separately with a common goal)
 - **Collaboration** (i.e., delivering an output together as two teams)
 - **Full integration** (i.e., one team)

4.1.2 The accountable Directors from Network Rail and ScotRail will jointly ensure plans are developed and submitted to the January 2025 meeting of the Alliance Executive, setting out a roadmap including the changes required in Ultimate Accountabilities, to deliver the project at full integration. In considering these plans, the Alliance Executive shall have due regard to the potential TUPE implications.

4.2 New Collaboration Activities

4.2.1 The Alliance Executive will appoint accountable Directors from Network Rail and ScotRail for each of the identified collaboration areas set out at paragraph 2.3 of this Part 1 of the Schedule, above. The accountable Directors will jointly ensure:

- A project delivering improved customer and / or financial outputs is scoped for each collaboration area and a draft Annual Delivery Plan for the period through to March 2026 is presented to the November 2024 meeting of the Alliance Executive.
- A final Annual Delivery Plan for the period to March 2026 is prepared incorporating Alliance Executive, and if required the Alliance Board, feedback and implemented in January 2025.
- The following is presented to the September 2025 meeting of the Alliance Executive:
 - A listing of all of the relevant activities which fall within the project scope currently undertaken by Network Rail and ScotRail and through a venn diagram clearly showing which can be jointly delivered and those, if any, which have to be delivered separately due to the Ultimate Accountabilities (noting that some Ultimate Accountabilities are moveable in the long term but not immediately).
 - the sources of friction which have been encountered in delivering the project to date and the actions required to remove/reduce this friction
 - state whether the project is fully integrated (one team) and if not, whether it is being delivered through collaboration, or else aligned objectives:
 - **Aligned objectives** (i.e., delivering an output separately with a common goal)
 - **Collaboration** (i.e., delivering an output together as two teams)
 - **Full integration** (i.e., one team)
 - A roadmap including the changes required in Ultimate Accountabilities, to deliver the project at full integration.
 - Recommendation whether the collaboration project should continue; be rescoped; or closed.
- The Annual Delivery Plan for the period to March 2026 will be refined to incorporate the recommendations of the Alliance Executive.

4.2.2 If the project is to continue, it will be added to the Joint Activities Table and will be subject to the reporting arrangements set out in Clause 6.5 of this Agreement in each subsequent Financial Year.

4.2.3 If the project is to continue, the relevant accountable Directors shall submit a draft Annual Delivery Plan to the February 2026 meeting of the Alliance Executive describing:

- activities completed and outputs achieved in the current financial year.
- a recommendation whether the collaboration project should be moved into the full delivery plan.
- activities planned in the forthcoming financial year.
- actions required from the Alliance Executive to progress to full integration (noting that the relevant accountable Directors and the Alliance Executive shall have due regard to the potential TUPE implications of any such actions).
- a refined estimate of outputs and benefits to be delivered by the project.
- an executive summary of the above, to produce a new entry in the Joint Activities Table.

4.3 Annual Updates

4.3.1 In every Financial Year of this Agreement , the accountable Directors from Network Rail and ScotRail will submit to the February meeting of the Alliance Executive, a draft Annual Delivery Plan for each Joint Activity. This will describe:

- activities completed and outputs achieved in the current financial year.
- activities planned in the forthcoming financial year and shall include an overview of activities planned for future years indicating what further options are under development for future alignment.
- Actions required from the Alliance Executive to progress to full integration (noting that the relevant accountable Directors and the Alliance Executive shall have due regard to the potential TUPE implications of any such actions).
- a refined estimate of outputs and benefits to be delivered by the project.
- an executive summary of the above, to update the content of columns C, D and E in the Joint Activities Table.
- Any other content requested with reasonable notice by the Alliance Executive or Alliance Board.

Final Annual Delivery Plans for each project, incorporating feedback from the Alliance Executive, and where appropriate the Alliance Board, will be submitted for approval to the March meeting of the Alliance Executive in each Financial Year.

5. Joint Activities Table

ID	(A) Requirement - as specified in Scottish Ministers' High Level Output Specification for Control Period 7	(B) What the ORR's Final Determination interprets the requirement to mean (from October 2023)	(C) How we will know if we have successfully delivered the requirement by March 2029?	(D) What do we plan to deliver together in the next 12 months?	(E) What did we achieve in the previous 12 months (to be first populated in March 2025)	(F) Scotland's Railway (NR) Director	(G) Scotland's Railway (ScotRail) Director	(H) Scotland's Railway (NR) Senior Leader	(I) Scotland's Railway (ScotRail) Head of Service	(J) Strategic Objective
4	To establish and operate (with ScotRail Trains Ltd.) a joint Scotland-based timetabling team to deliver all activity on the Scottish network. The team should be operational by the start of CP7 and co-located, with one management structure responsible for the delivery of the timetable product, with a demonstrable understanding of Scotland's geography, economy and network operating characteristics.	After publication of the draft determination, Scotland's Railway held two industry workshops to discuss this requirement. ORR attended as observers. At the workshops, operators voiced concerns around impartiality, disjointed decision making and inefficiencies. Some of these points were reiterated in responses to the draft determination. Taking account of these views, we provided more information to the ORR on how we intend to deliver on this requirement.	Timetabling: A Proposal to Improve our Approach was submitted to Transport Scotland and ORR on 27 February 24. The proposal provides a new governance structure, led by the newly established Strategic Timetable Steering Group. It also includes a requirement to develop a Market-Led Framework for the Steering Group to view timetable output trade-offs.	<ul style="list-style-type: none"> Establish new governance structure by June 2024 Develop and endorse Market-Led Framework by June 2024 Recruit ScotRail strategic timetable resource and co-locate with System Modelling team by October 2024. 	New governance	Route Director	Director of Strategic Planning	Programme Manager	Head of Service Planning	Track and train working together

ID	(A) Requirement - as specified in Scottish Ministers' High Level Output Specification for Control Period 7	(B) What the ORR's Final Determination interprets the requirement to mean (from October 2023)	(C) How we will know if we have successfully delivered the requirement by March 2029?	(D) What do we plan to deliver together in the next 12 months?	(E) What did we achieve in the previous 12 months (to be first populated in March 2025)	(F) Scotland's Railway (NR) Director	(G) Scotland's Railway (ScotRail) Director	(H) Scotland's Railway (NR) Senior Leader	(I) Scotland's Railway (ScotRail) Head of Service	(J) Strategic Objective
		<p>during CP7. We intend to consult on our proposal to deliver on this requirement with the rail industry in Scotland, including Transport Scotland.</p> <p>We explained that any further changes we make through CP7 must be of benefit to our customers and more efficient than the current approach.</p> <p>It is important that we maintain sufficient dedicated resources to deliver timetabling activity on the Scottish network, and that these resources are familiar with its geographical, market and operating</p>	<p>structure in place and working effectively.</p> <p>Reviewing line of sight to Scottish Ministers' Strategic Objectives for timetable outputs for each strategic corridors.</p> <p>Aligning track and train capability where possible.</p> <p>Report via Strategic Timetabling Steering Group.</p>							

ID	(A) Requirement - as specified in Scottish Ministers' High Level Output Specification for Control Period 7	(B) What the ORR's Final Determination interprets the requirement to mean (from October 2023)	(C) How we will know if we have successfully delivered the requirement by March 2029?	(D) What do we plan to deliver together in the next 12 months?	(E) What did we achieve in the previous 12 months (to be first populated in March 2025)	(F) Scotland's Railway (NR) Director	(G) Scotland's Railway (ScotRail) Director	(H) Scotland's Railway (NR) Senior Leader	(I) Scotland's Railway (ScotRail) Head of Service	(J) Strategic Objective
		characteristics. But it is also important that any future changes are consistent with the framework set out under Network Rail's Licence and the Network Code. ORR is satisfied that these proposals are consistent with those obligations and will involve the System Operator. Subject to any changes required as a result of stakeholder feedback on our proposal, this requirement will form part of our business as usual CP7 delivery.								
5	To continue to participate in and foster an Interchange Programme with opportunities for staff in the	Scotland's Railway will achieve this requirement through the deployment of its initiative across Scotland's Railway,	<ul style="list-style-type: none"> Meaningful secondments of 3 to 6 months are taking place between both organisations Regular joint 	<ul style="list-style-type: none"> Continue 1/2 and 2 day customer service academy programme 		HR Director	HR Director	Head of Organisation Development and Culture	Vacancy - HR Director	Track and train working together

ID	(A) Requirement - as specified in Scottish Ministers' High Level Output Specification for Control Period 7	(B) What the ORR's Final Determination interprets the requirement to mean (from October 2023)	(C) How we will know if we have successfully delivered the requirement by March 2029?	(D) What do we plan to deliver together in the next 12 months?	(E) What did we achieve in the previous 12 months (to be first populated in March 2025)	(F) Scotland's Railway (NR) Director	(G) Scotland's Railway (ScotRail) Director	(H) Scotland's Railway (NR) Senior Leader	(I) Scotland's Railway (ScotRail) Head of Service	(J) Strategic Objective
	constituent parties of Scotland's Railway to broaden knowledge and understanding and stimulate greater operational integration through, eg, staff exchanges, shadowing and secondment opportunities.	piloted initially with ScotRail - 'Scotland's Railway Academy - Together in the Making'. This strategy contains several initiatives aimed at driving improved collaboration and whole system learning. The programme is cost neutral as the principal is that each organisation would continue paying the salary of their respective staff during the exchange.	training and development courses taking place <ul style="list-style-type: none">25 per cent of the leadership team (defined as direct reports to the Executive teams) have spent time working with the Alliance partner (through secondment, previous role, co-location or project work) Provide a quarterly update via Portfolio Board	<ul style="list-style-type: none">Incorporate exchange placements in both organisation's graduate training programmesDevelop plan for years 2 to 4 of the control period						
6	To collaborate with Scottish Rail Holdings and ScotRail Trains Ltd. on taking forward the outputs from the Scottish Government's	Change control - TS no longer progressing	Change control - TS no longer progressing	Change control - TS no longer progressing		Communications Director	Communications Director	Head of Media and Public Affairs	Head of Communications	Track and train working together

ID	(A) Requirement - as specified in Scottish Ministers' High Level Output Specification for Control Period 7	(B) What the ORR's Final Determination interprets the requirement to mean (from October 2023)	(C) How we will know if we have successfully delivered the requirement by March 2029?	(D) What do we plan to deliver together in the next 12 months?	(E) What did we achieve in the previous 12 months (to be first populated in March 2025)	(F) Scotland's Railway (NR) Director	(G) Scotland's Railway (ScotRail) Director	(H) Scotland's Railway (NR) Senior Leader	(I) Scotland's Railway (ScotRail) Head of Service	(J) Strategic Objective
	National Rail Conversation									
7	Continue to take full cognisance of its equality duties and obligations when taking forward maintenance and renewal projects to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it, and where this aim has the meaning of - Removing or minimising disadvantages affecting people due to their protected characteristics; - Taking steps to meet the needs of people with	<ul style="list-style-type: none"> We assume that this refers to public/passenger interface works only. Advancement of equality is undertaken where reasonably practicable and that this statement does not negate legacy arrangements. The use of the term 'full' implies that all interventions can facilitate a change. This would not be the case for most refurbishment and repair activities. We will continue to make reasonable adjustments in line with the policies when undertaking renewals work. There is very little scope for 	<p>We will work together to deliver accessibility improvements in line with our established Railway for Everyone (RfE) Strategy, incorporating the four pillars of Accessibility (Reaching the station, Moving around the station, Getting to your platform and Boarding and finding you space).</p> <p>We will collaborate with local authority partners and Transport Scotland Bus, Accessibility and Active Travel team to deliver</p>	<ul style="list-style-type: none"> Baseline accessibility status (as defined by the four pillars) is documented for every station Preferred option developed and consulted for clearing forum 		<p>Director of Engineering and Asset Management</p> <p>Commercial Director (Railway for Everyone)</p>	<p>Safety and Sustainability Director (projects)</p> <p>Commercial Director (Railway for Everyone)</p>	<p>Head of Engineering and Asset Management, Civils, Earthworks and Lineside</p>	<p>Head of Projects</p> <p>Customer Experience Strategy Manager (Railway for Everyone)</p>	Track and train working together

ID	(A) Requirement - as specified in Scottish Ministers' High Level Output Specification for Control Period 7	(B) What the ORR's Final Determination interprets the requirement to mean (from October 2023)	(C) How we will know if we have successfully delivered the requirement by March 2029?	(D) What do we plan to deliver together in the next 12 months?	(E) What did we achieve in the previous 12 months (to be first populated in March 2025)	(F) Scotland's Railway (NR) Director	(G) Scotland's Railway (ScotRail) Director	(H) Scotland's Railway (NR) Senior Leader	(I) Scotland's Railway (ScotRail) Head of Service	(J) Strategic Objective
	certain protected characteristics where these are different from the needs of other people; - Encouraging people with certain protected characteristics to participate in public life or in other activities where their participation is disproportionately low	advancement of equality during routine maintenance work.	improvements for the "Reaching the station" pillar. A station projects clearing forum, similar to the access panel for network engineering works, exists to coordinate and integrate station works to further the four pillars of accessibility under the RfE. Accessibility status (as defined by the four pillars) of every station is updated annually and published for stakeholder and customer use. Report via new quarterly Railway for Everyone Working Group.							

ID	(A) Requirement - as specified in Scottish Ministers' High Level Output Specification for Control Period 7	(B) What the ORR's Final Determination interprets the requirement to mean (from October 2023)	(C) How we will know if we have successfully delivered the requirement by March 2029?	(D) What do we plan to deliver together in the next 12 months?	(E) What did we achieve in the previous 12 months (to be first populated in March 2025)	(F) Scotland's Railway (NR) Director	(G) Scotland's Railway (ScotRail) Director	(H) Scotland's Railway (NR) Senior Leader	(I) Scotland's Railway (ScotRail) Head of Service	(J) Strategic Objective
8	Scottish Ministers require that the capability of the network will be operated and maintained as a minimum throughout CP7 at a level which will satisfy all of the track access rights of all passenger, freight and charter operators in place at the date of the publication of this HLOS and any rights secured, or in the course of being secured, between then and 31 March 2024. In particular, the network must be operated at a level which is fully consistent with the commitments specified in the agreements or franchise	To support the Scottish Ministers' target to reduce car kilometres travelled by 20% by 2030, we will wherever possible operate the network in a manner that satisfies the track access rights of all passenger, freight and charter operators. For those instances of disruption, due to emergency or planned works, we will work with the operators in a consultative manner to ensure that suitable alternative plans are put in place throughout these periods of disruption to deliver contingencies that are comparable to	<ul style="list-style-type: none"> Reduced volume of underutilised access (rules of the route and disruptive) Appraisal and consultation undertaken to understand the optimal access approach for every major corridor (Decision Impact Assessment Model) All major works have had a number of delivery options appraised and the preferred option (based on a blend of cost and customer impact) incorporated into the EAS only when approved by all parties. Reducing volume of in year change to the 	<ul style="list-style-type: none"> Optimal engineering access approach for each corridor completed Evaluate non-disruptive and disruptive access to find opportunities to drive whole industry efficiencies and better customer outcomes Trial investigated for adjacent line open working 	Route Director	Director of Strategic Planning	Head of Passenger Experience	Head of Service Planning	Track and train working together	

ID	(A) Requirement - as specified in Scottish Ministers' High Level Output Specification for Control Period 7	(B) What the ORR's Final Determination interprets the requirement to mean (from October 2023)	(C) How we will know if we have successfully delivered the requirement by March 2029?	(D) What do we plan to deliver together in the next 12 months?	(E) What did we achieve in the previous 12 months (to be first populated in March 2025)	(F) Scotland's Railway (NR) Director	(G) Scotland's Railway (ScotRail) Director	(H) Scotland's Railway (NR) Senior Leader	(I) Scotland's Railway (ScotRail) Head of Service	(J) Strategic Objective
	contracts between the Scottish Ministers and Scottish Rail Holdings and ScotRail Trains Ltd. and Caledonian Sleeper and the industry "network change" process. This requirement will allow the rail sector to support the target set by Scottish Ministers to reduce car kilometres travelled by 20% by 2030	the contractual obligations.	Engineering Access Statement to demonstrate robust planning is taking place in a timely manner Provide a quarterly update via Portfolio Board							
9	Scottish Ministers require that the outputs of the network will be maintained in such a manner as to enable ScotRail Trains Ltd. to meet a Public Performance Measure (PPM) target of 92.5%	Achievability of PPM in CP7 is dependent on both the CP6 exit figure and a whole system approach to Scotland's Railway. We are currently forecasting to meet 92.5% in year 4. This outcome does not meet current HLOS expectations of	From Network Rail Delivery Plan (dated March 24): "If we assume optimised usage of the Targeted Performance Fund, sustained funding for fleet at the levels required to improve	<ul style="list-style-type: none"> Review of control weather management processes Examination of standard temporary timetables for recurring weather events 		Route Director	Director of Strategic Planning	Head of Performance	Head of Performance	Run a reliable railway

ID	(A) Requirement - as specified in Scottish Ministers' High Level Output Specification for Control Period 7	(B) What the ORR's Final Determination interprets the requirement to mean (from October 2023)	(C) How we will know if we have successfully delivered the requirement by March 2029?	(D) What do we plan to deliver together in the next 12 months?	(E) What did we achieve in the previous 12 months (to be first populated in March 2025)	(F) Scotland's Railway (NR) Director	(G) Scotland's Railway (ScotRail) Director	(H) Scotland's Railway (NR) Senior Leader	(I) Scotland's Railway (ScotRail) Head of Service	(J) Strategic Objective
	<p>for every year of CP7. The 92.5% PPM target is considered pragmatic and appropriate. However, it is recognised that performance targets can, in some circumstances, create perverse incentives which act against the interest of passengers. Therefore, the Scottish Government considers it appropriate to allow Network Rail and ScotRail Trains Ltd. a specific derogation from the 92.5% target for trains where delays are caused by the need for speed restrictions</p>	<p>92.5% PPM every year. Earlier delivery of the performance target would require urgent, sustained and significant investment in the ScotRail rolling stock fleet.</p> <ul style="list-style-type: none"> • We will continue to work in collaboration with ScotRail Trains to understand the basis on which it is able to collectively deliver our PPM target earlier than the "medium" trajectory of year 4. • We seek agreement with Transport Scotland on the terms of the proposed derogations and method of calculation. 	<p>performance and the continuation of the plan to fill traincrew vacancies then we've a medium level of confidence that 92.5% could be achieved by the end of 2026/27. Given the delayed benefits realisation of many proposed schemes and improvement plans there can only be low confidence that the delivery of 92.5% could be accelerated and achieved by the end of 2025/26. We remain committed to the delivery of 92.5% and will work with industry partners to utilise all avenues possible</p>	<ul style="list-style-type: none"> • Document the key connections to be maintained wherever possible 						

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	during periods of severe weather, or trains have been delayed in order to permit connections from other late running trains or ferries.	Report Performance Improvement Executive	via to improve performance across Scotland's Railway as quick as reasonably practicable and our plans will be continuously updated to reflect latest developments over the funding period." We will keep customers moving by operating a temporary timetable during extreme weather events, when it is safe to do so. The temporary timetable will be published before start of service to enable customers to make informed decisions on their travel choices. Where short							

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			<p>notice changes are required due to extreme weather events, services will continue to operate where safe to do so, albeit with increased journey times.</p> <p>Our duty network controllers will have an up to date schedule of key connections to make informed decisions on holding rail services to maintain rail - rail and rail - other public transport mode connections. Performance in maintaining journey opportunities will be measured through a</p>							

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			connection KPI. The level of PPMfail incurred by operating services in this planned manner, rather than providing an unpredictable customer offer, will be recorded and reported.							
13	Scottish Ministers expect that the management teams in Network Rail will work in partnership with Scottish Rail Holdings, ScotRail Trains Ltd., Caledonian Sleeper and other stakeholders to meet performance requirements throughout the control period, ensuring processes and	<ul style="list-style-type: none"> Continue to use the standard "Delivering Work Within Possessions" to discharge this requirement where it is safe and reasonably practicable to do so. On a case-by-case basis, decisions on possession overruns will be made based on safety implications but it will endeavour to minimise the impact of disruption as much as reasonably 	<ul style="list-style-type: none"> The service and customer impact of possession over-runs is recorded through the performance monitoring process. We will demonstrate a continuing low impact of over-running possessions, both in terms of number of possessions and the PPMf caused 	By March 2025, a report to have been submitted to Performance Improvement Executive setting out the quantity and impact of possession over-runs, identification of trends and improvement recommendations	Route Director	Director of Strategic Planning	Planning and Logistics Director	and Head of Performance	Run a reliable railway	

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	<p>procedures represent best current practice, are fully aligned across parties and are regularly reviewed and refreshed. Network Rail is required, in particular, to take steps to minimise unnecessary railway closures through overrunning possessions.</p>	<p>practicable.</p> <ul style="list-style-type: none"> Monitor and action possession overrun trends through our Plan-Delivery-Review process and will continue to do this throughout CP7 to continue learning and improving. Continue to use our Performance Management System to ensure processes and procedures are aligned across all parties. These are regularly reviewed. 	<p>by them.</p> <ul style="list-style-type: none"> This will be assessed by Performance Improvement Executive annually as a minimum and as frequently as required if possession overruns are materially affecting performance in any year. 							
15	<p>In support of performance, during CP7, Network Rail is required to review, monitor and update processes and procedures in line with evolving best</p>	<p>We consider this to be continuation of the work in CP6</p> <ul style="list-style-type: none"> Continuous improvement and evolving best practice are core parts of our performance strategy. 	<p>The</p> <p>Year on year reductions in PPMf allocated to track, non track asset and fleet categories as reported to Performance Improvement Executive</p>	<ul style="list-style-type: none"> Delivery of best practice enabled by Modernising Maintenance programme Delivery of year 1 initiatives from 		<p>Route Director</p>	<p>Director of Strategic Planning</p>	<p>Head of Performance</p>	<p>Head of Performance</p>	<p>Run a reliable railway</p>

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	practice, with the expectation that instances of disruption will decline during the course of the Control Period.	strategy will continue to target performance issues and risks using the Whole System Approach. This approach will be supported by a suite of KPIs which are bespoke to the issues that uniquely affect Scotland's Railway as a whole, in conjunction with relevant operators, with the clear aim to reduce instances of delay. We will use measures such as Service Affecting Failures, which is a Network Rail measure for infrastructure asset reliability. • The strategy will be regularly monitored, reviewed, and influenced by the Alliance Board, with a supporting		Better in the Making programme <ul style="list-style-type: none">Delivery of 2024/25 initiatives from ScotRail fleet availability and reliability action plans.						

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		<p>governance structure that holds its deliverers to account for their activities.</p> <ul style="list-style-type: none"> • Daily, Weekly, Periodic and Annual reporting will enable maximum insight of Train Performance for our senior leadership, Transport Scotland and the ORR. 								
16	In support of performance, during CP7, Network Rail is required to ensure train connectivity, during unperturbed periods, between services and other modes, such as bus or tram. Such connectivity must result in timetables demonstrating good connections	<ul style="list-style-type: none"> • Discharge this requirement by continuing the timetable development process as per CP6 processes, working alongside System Operator colleagues to ensure minimal conflicts in its timetables. • Work with Transport Scotland prior to the commencement of CP7 to understand the opportunities 	<ul style="list-style-type: none"> • Under requirement #9, our duty controllers will have an up to date schedule of key connections to make informed decisions on holding rail services to maintain rail - rail and rail - other public transport mode connections. • Performance in maintaining 	<ul style="list-style-type: none"> • Document the key connections to be maintained wherever possible • Recommend a preferred KPI for measuring performance in maintaining connections 		Route Director	Director of Strategic Planning	Programme Manager	Head of Service Planning	Run a reliable railway

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	from one service to another with a focus on the needs of passengers.	for alignment with other transport modes. It is not clear if bus/tram companies have the same obligation – if not, any engagement on this could be difficult and undeliverable for Scotland's Railway. Misalignment across transport industry timetabling processes should also be taken into consideration.	journey opportunities will be measured through a connection KPI. • A year on year increasing trend of connections being made will be demonstrated	Report via Strategic Timetabling Steering Group						
17	Rail travel, especially on Scotland's increasingly electrified rail network, offers passengers and business a highly attractive mode of transport which is quick and efficient but also has low or net zero emissions. To	We will work with its train and freight operating partners to contribute to the delivery of market-led competitive journey times, balancing resilience, performance, connectivity and journey times across the whole rail business in Scotland. How we	Our plan to make journey times faster (v2.0 dated 27/02/24) includes eight commitments we will deliver to reduce journey times.	• Deliver "hygiene" reviews for three of the eight strategic corridors (as per plan)	• Deliver "track and train" for three of the eight strategic corridors (as per plan)	Strategy & Investment Director	Director of Strategic Planning	Head of Strategic Planning	Head of Service Planning	Track and train working together

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	retain those advantages over other modes (including the growing electric car market), the rail network must continue to modernise and in Scotland will be required to deliver competitive journey times.	plan to do this will be included in the plan requested by Scottish Ministers in HLOS requirement 18 below.	and the metrics described in requirements #18 and #19 via Journey Time Working Group (which reports to Strategic Timetabling Steering Group)	<ul style="list-style-type: none"> Share completed Market-led corridor reviews for A2CB, HML, A2I, E&G and Borders Delivery Market-led corridor reviews for Edinburgh, WCML and Fife 						
18	Scottish Ministers require Network Rail to take full advantage of maintenance and renewal works	We will work with all train and freight operating colleagues in Scotland to develop an industry plan by	Our plan to make journey times faster (v2.0 dated 27/02/24) includes a forecast for the	<ul style="list-style-type: none"> Deliver "hygiene" reviews for three of the eight strategic corridors (as 	Strategy & Investment Director	Director of Strategic Planning	Head of Strategic Planning	Head of Service Planning	Track and train working together	

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	and timetable development processes to enable ScotRail Trains Ltd. to achieve improved journey times. This should be based on a decrease in the average minutes per mile measured across all ScotRail services in the current timetable (at January 2023). Maintaining safety, Scottish Ministers expect that Network Rail will work with Scottish Rail Holdings and ScotRail Trains Ltd. on a plan to deliver this outcome, to be in place for the start of Control Period 7.	31 March 2024 to improve average journey times. The industry plan will highlight Scotland's Railway contribution to reducing journey times. We will use January 2023 (i.e. the December 2022 timetable) as our baseline position and will articulate our process, workstreams and how we will measure progress. We have assumed we will deliver this requirement using existing resources. Opportunities to improve journey time may arise which would require additional investment, it will discuss these with Transport Scotland.	"minutes per mile" metric. We will report this via the Journey Time Working Group. We will also develop Market-led "minutes per mile" metrics for each of our eight strategic corridors, and will report this via the Journey Time Working Group. We will have achieved the forecasts included in our plan. Our industry colleagues are confident that the building blocks of our plan are robust and that we are managing them proactively and transparently for each timetable change.	per plan) • Deliver "track and train" for three of the eight strategic corridors (as per plan) • Share completed Market-led corridor reviews for A2CB, HML, A2I, E&G and Borders • Delivery Market-led corridor reviews for Edinburgh, WCML and Fife						

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19	In addition, during Control Period 7, Network Rail will work with Scottish Rail Holdings and ScotRail Trains Ltd. to develop a plan safely to achieve improved journey times based on a "mile a minute" target on ScotRail Trains Ltd. Intercity services by 2030.	We will work with all train and freight operating companies in Scotland to develop an industry plan which reduces intercity journey times for all passenger operators. The delivery of this plan will be part OMR and part enhancement. We will develop the plan prior to CP7. We will work with the rail business in Scotland to develop a plan for the intercity market with a target of "a mile a minute" by 2030. It should be highlighted that whilst some progress can be made using existing resources, achieving the target by 2030 is	Our plan to make journey times faster (v2.0 dated 27/02/24) includes a forecast for the InterCity mile a minute metric.	<ul style="list-style-type: none"> Deliver "hygiene" reviews for three of the eight strategic corridors (as per plan) Deliver "track and train" for three of the eight strategic corridors (as per plan) Share completed Market-led corridor reviews for A2CB and HML Delivery Market-led corridor review for Fife 		Strategy & Investment Director	Director of Strategic Planning	Head of Strategic Planning	Head of Service Planning	Track and train working together

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		predicated on funding for the Highland Mainline (HML) Enhancement project and the full Aberdeen to Central Belt programme (including infrastructure enhancement and traction change), both currently being developed to Outline Business Case.								
20	Scottish Ministers require that Network Rail is measured, as appropriate, against the same National Rail Passenger Survey (NRPS) targets as ScotRail Trains Ltd. and the Caledonian Sleeper Guest Satisfaction Survey thus: - contribute	Work is well underway that will see the introduction of a new survey which will supersede both NRPS and Wavelength which means ScotRail and other operators will be unable to provide the NRPS measurement. We will however provide passenger satisfaction metrics	Transport Focus (or other national independent survey) Passenger Satisfaction Metric:	<ul style="list-style-type: none"> Delivery of the performance targets set under requirement #47 Overall satisfaction Satisfaction in dealing with disruption ScotRail scores for both measures are best out of the large train 		Route Director	Commercial Director	Head of Passenger Experience	Customer Experience Strategy Manager	Track and train working together

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	efficiently and effectively to NRPS targets for the whole Scottish rail network, in particular: - 'Overall satisfaction'; and - 'How well the Train Operating Company dealt with disruption'.	through the new industry wide survey. The survey will provide regular, robust and consistent customer experience data to the rail industry including TOCs, GBRRTT, Transport Focus, DfT, Transport Scotland, Network Rail, Devolved Administrations, the public and other key stakeholders. And will be used to measure and monitor how customers rate their end-to-end rail travel experience. The survey will be continuous in nature, with four-weekly reporting at an aggregate level and will provide appropriate sample	operators (ScotRail, Northern, GTR, South West Railway, and Southeastern) • Improvement in both measures during the control period, recognising there will be year on year fluctuations due to weather events, major engineering works, industrial action etc	customer focused manner as set out in requirements #8 and #13						

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		<p>sizes allowing more granular understanding of passenger satisfaction. In addition to this it will also track and report social insights for our managed stations using the Wordnerds Topic algorithm.</p> <p>Both sets of customer insight will then allow us to identify areas of satisfaction and detractors and use reasonable endeavours to work with the relevant stakeholders to identify those key areas where attention is required to improve our customer experience</p>								

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21	To work with the wider rail industry to continue to deliver an agreed measurable improvement to the customer experience by the end of CP7 through improved, and more consistent Customer Information Systems (CIS).	We will use reasonable endeavours to continue to work with ScotRail and other operators to improve our Customer Information Systems. Utilising the "Passenger information at railway stations study" commissioned by Transport Focus, an exercise was undertaken to support the establishment of the preferred Scotland's Railway CIS offering. The programme of works forms part of our ongoing telecoms renewals in line with our strategic business plan and the project has a target	<ul style="list-style-type: none"> • ScotRail scores for information provision as measured through the independent passenger survey in initiative 20 are best out of the large train operators (ScotRail, Northern, GTR, South West Railway, and Southeastern) • Improvement in the measure during the control period <p>Report via new quarterly Railway for Everyone Working Group.</p>	Review of CIS estate to identify locations where the customer experience could be improved		Route Director	Director of Customer Operations	Head of Passenger Experience	Customer Information Strategy Manager	Track and train working together

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		completion date of 2025.								
22	Network Rail must take all reasonable steps to work with Scottish Rail Holdings, ScotRail, Caledonian Sleeper and all rail passenger operators in Scotland to secure year on year growth in rail patronage and, through that growth in patronage, year on year growth in real terms revenue from passengers in Control Period 7, in line with requirements within the ScotRail Trains Ltd. policy compendium, other targets set by the Scottish	We will use reasonable endeavours to work with ScotRail and other operators to support patronage and revenue growth by carrying out geographical research to better understand our customers and their needs and identifying the optimum way to plan our disruptive access events. By better understanding the impact on our customers and the financial impact of our access strategies, it will: o support the identification of required control measures for our disruptive access	<ul style="list-style-type: none"> Year on year growth in ScotRail passenger journeys and revenue. Year on year reduction in ScotRail subsidy requirement from TS <p>Provide a quarterly update via Portfolio Board</p>	<ul style="list-style-type: none"> Review and refresh PIE governance to ensure topics and approach are driving performance outcomes that facilitate patronage growth Delivery of the performance targets set under requirement #47 Avoiding service impacting industrial action Review of station estate to identify opportunities for 	Route Director	Commercial Director	Head of Passenger Experience	Head of Passenger Revenue	Reduce the net cost of the railway	

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	Ministers and initiatives as agreed between the parties.	proposals when considering our impact on passengers, lineside neighbours and local communities; and o establish the required stakeholder and passenger engagement earlier on in the project life cycle.		collaborative working to increase commercial revenue <ul style="list-style-type: none"> Delivering engineering works in a customer focused manner as set out in requirements #8 and #13 						

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		<p>to ensure we take account of this in its planning approach.</p> <p>We have purchased payment card data to enable a better understanding of the public that we are serving in terms of why people travel, what and where they are spending their money. The aim is to help understand travel patterns, and ultimately to identify opportunities to drive modal shift to rail and increase revenue through tailored rail offerings. It can also be used to monitor and evaluate interventions such as new stations, timetable changes, or trends over time supporting industry</p>								

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		continuous improvement.								
23	Network Rail must take all reasonable steps to contribute to the work to improve service quality and revenue protection across Scotland's Railway, and in particular, at the Major Stations for which Network Rail is directly responsible. It is proposed that Network Rail Major Stations should be added to the Service Quality inspections conducted by Transport Scotland	<ul style="list-style-type: none"> The Service Quality Management (SQM) regime monitors and measures the quality of customer service and provisions provided by ScotRail. The application of SQM across all of Scotland is a distinctive feature of ScotRail and is widely recognised as delivering a positive and proactive impact on service standards. We recognise the value in having a consistent quality regime programme across all of Scotland's Railway and have already engaged with the SQM team, onboarded and had a number of audits 	<ul style="list-style-type: none"> Edinburgh Waverley and Glasgow Central High Level stations are incorporated into the SQM regime and achieving a minimum of a "3" (Acceptable) score on a moving annual average by end CP7 The percentage of tickets being retailed at gatelines at Glasgow Central High Level and Edinburgh Waverley declines year on year (normalised for ScotRail staffing numbers) demonstrating an increasing number of customers buying before they board 	<ul style="list-style-type: none"> Undertake a minimum of four trial SQM audits of Glasgow Central High Level and Edinburgh Waverley to establish baseline Prepare costed plan for achieving "3" (Acceptable) scores Complete revenue protection audit at Glasgow Central High Level and Edinburgh Waverley stations 	Route Director	<p>Commercial Director (Service Quality)</p> <p>Director of Customer Operations (Revenue Protection))</p>	Head of Passenger Experience	Head of Quality Management	Head of Quality Management	Reduce the net cost of the railway

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		<p>carried out across both our managed stations to understand the output of these and required action workload.</p> <ul style="list-style-type: none"> • We will use reasonable endeavours to permanently onboard on to the regime across managed stations under the existing agreement that there will be no financial penalty implications. We will utilise the audits to identify those key areas where attention is required and work with our maintenance, property colleagues, ScotRail and other operators to resolve highlighted issues where practicably possible. 	Provide a quarterly update via Portfolio Board							

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32	Network Rail, working with Scottish Rail Holdings and ScotRail Trains Ltd., is required to produce a strategy by 31 March 2024 to promote and facilitate charter train operations in Scotland. The strategy should lay out the objectives and approach to build the profile of Scotland's railway heritage to deliver social, cultural or economic value and the measures by which that value will be evaluated and publicly reported.	We will work with all train and freight operators in Scotland to develop an industry strategy by 31 March 2024 to promote and facilitate charter train operations in Scotland.	Charter operators, if there is a commercial case for them to do so, are able to grow existing markets and establish new markets with Scotland's Railway support.	<ul style="list-style-type: none"> Strategy established by 31 March 24 Delivery Plan established by 30 April 24 Practitioners Guide established by 31 August 24 Actions complete from the Delivery Plan by 31 March 25 	Report via Pipeline Integration Board	Strategy & Investment Director	Director of Strategic Planning	Head of Strategic Planning	Head of Business Development	Reduce the net cost of the railway
35	Network Rail is required to identify and agree with operators and Transport	• Provide Transport Scotland Rail Directorate with the Annual Integrated Access Box Plan	• Under requirement #8, the optimal disruptive engineering	• Optimal disruptive access approach for each corridor		Route Director	Director of Strategic Planning	Programme Manager	Head of Service Planning	Run a reliable railway

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	Scotland those rural routes that require lifeline services which require enhanced protection and recovery where reasonably and economically practicable during times of planned and unplanned disruption. Where planned disruption is taking place, Network Rail will engage with other transport mode operators to ensure no concurrent corridor disruption is taking place. Network Rail shall confirm proposals with ORR prior to finalising and sharing with all affected parties by 31 March 2024	which will allow them to consult planned rail closures with other directorates in Transport Scotland, as per the CP6 process, to ensure that there is no concurrent corridor disruption taking place. Through the passenger handling forum, for planned disruptive events, we will engage with operators to understand the demand for alternative arrangements.	access approach will be identified and consulted for each major corridor. <ul style="list-style-type: none"> The timing and duration of major pre-planned engineering works will be consulted and agreed with appropriate stakeholders including RTPs, LA's, Destination Management Organisations and other transport operators. Ticket acceptance between public transport modes is the norm and it will only be in extreme weather conditions that no public transport service is operating in the corridor. 	completed <ul style="list-style-type: none"> Disruptive access plan for 2025/26 consulted and agreed with stakeholders by October 2024 Ticket acceptance and / or readily available standby buses in place for periods of unplanned disruption 						

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	and review, consult and update, as appropriate, through CP7.	passengers and freight access at the safest opportunity. We will continue to discharge this requirement on a case-by-case basis, as we do in CP6. The level of protection to be provided will be consistent with CP6 levels. No additional funding has been included in CP7 to increase this level.	Report via Access Working Group (reporting to Strategic Timetable Steering Group)							
36	More frequent and extreme weather conditions caused by climate change will impact Scotland's Railway's ability to run the railway safely and on time. Not only should the railway infrastructure be more robust to the impacts of climate change,	This requirement is an overarching introduction to the more detailed sustainability requirements detailed elsewhere in the HLOS, delivering Scotland's Railway's Sustainability Strategy.	<ul style="list-style-type: none"> Scope 1&2 emissions are lower in 2028/29 compared to 2023/24 Scotland's Railway remains on track to achieve zero carbon emissions by 2045. CO2e per vehicle (train) km is lower in 2028/29 compared to 2023/24 	<ul style="list-style-type: none"> Drafting of carbon reduction action plan for agreement of Science Based Target date aligned to new train procurement commitments and associated non traction investment required to achieve it. 		Director of Engineering and Asset Management	Safety and Sustainability Director	Head of Engineering and Asset Management Strategy	Head of Sustainability	Run a reliable railway

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	Network Rail must also play its role in reducing rail's overall carbon emissions through the outcomes in Scotland's Railway's Sustainability Strategy. The strategy aims to make a positive impact to the lives of passengers and Scotland's economy while minimising any negative impact on the natural environment.		<ul style="list-style-type: none"> Non traction energy consumption (MWhr) is lower in 2028/29 compared to 2023/24 <p>Note: These Scope 1 and 2 emissions targets are only agreed for Network Rail Report via Sustainability Board</p>	<ul style="list-style-type: none"> Digital twin: Further develop digital modelling of stations and depots - Innovation paper to be issued seeking seed funding for Atkins to complete assessment of energy efficiency and decarbonisation investment options. Identify opportunities for investment consideration for Network Rail and ScotRail to deploy energy efficiency and renewable energy schemes, in particular for suitable car 						

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				<p>parks and energy efficiency projects.</p> <ul style="list-style-type: none"> • Identify and progress opportunities for decarbonising road fleets. • Train Energy Data Analysis: continue to develop and deliver action against ScotRail Traction energy efficiency plan. • Seek innovation project funding for waste management solutions: Litter Lotto Trail and Bennu waste segregation solution • Continue and develop Biodiversity projects to 						

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				provide STEM engagement sessions for local schools and community groups while continuing to target support of increased public access to Scottish nature reserves via train services and active travel.						
37	Scottish Ministers require Network Rail to continue to improve data accuracy on carbon emissions, in particular Scope 3 data, to enable continuous carbon emissions reductions, which is normalised to cover passenger and freight volumes and set against the baseline of 31	We interpret this as a requirement to deliver a metric to report, and continually improve the integrity of data, for the purpose of monitoring emissions for Scotland's Railway. Data accuracy itself will not be assessed against a metric. We will develop a metric to report emissions across all scopes in	Scotland's Railway remains on track to achieve zero carbon emissions by 2045. Report via Sustainability Board	<ul style="list-style-type: none"> Map, evaluate and cleanse Scope 3 data streams to improve and automate reporting and enable engagement with supply chain to actively reduce emissions Establish a baseline for assets and put 		Director of Engineering and Asset Management	Safety and Sustainability Director	Head of Engineering and Asset Management Strategy	Head of Sustainability	Deliver net zero

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	March 2019. The metric must be developed with regard to Scottish Government environmental legislation and working in collaboration with Transport Scotland, Scottish Rail Holdings, ScotRail Trains Ltd and other stakeholders and be in place by 31 March 2024	accordance with Network Rail's established Scope 1, 2 and 3 boundaries which we can share and will be agreed with Transport Scotland and other stakeholders and will continue our existing work to improve data accuracy.		in place the methodology and guidance to record reductions in whole-life carbon in capital investment projects as a result of low carbon design options						
38	Continue to deliver a sustainability strategy which makes progress towards net zero including the Scottish Government interim and subsequent climate change targets (2030 and 2045 respectively).	We interpret this as a requirement that the Scotland's Railway Sustainability Strategy aligns with Scottish Government Net Zero targets. We will continue our existing work to deliver carbon reductions as part of a strategy for CP7. During CP7 we will	As requirements #36 and #40 for Report via Sustainability Board	As requirements #36 and #40 for		Director of Engineering and Asset Management	Safety and Sustainability Director	Head of Engineering and Asset Management Strategy	Head of Sustainability	Deliver net zero

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		work with Transport Scotland and other stakeholders to update our sustainability strategy, aligned to Scottish Government net zero targets, in line with the funding available.								
39	Develop and deliver a metric which must continually deliver energy and carbon reduction activities to reduce Scope 1 and 2 emissions against the baseline of 31 March 2019.	We will deliver a metric to report energy and Scope 1 and 2 carbon emissions. We note that the requirement states the metric must continually deliver reduction. However, a metric will not deliver continual reductions in itself. It should be noted that decarbonising Scope 1 emissions may actually increase energy (electricity)	As for requirements #36 and #40 Note: These Scope 1 and 2 emissions targets are only agreed for Network Rail Report via Sustainability Board	Metric is Scope 1&2 emissions in tonnes CO2e Reduction strategies as per #36 and #40		Director of Engineering and Asset Management	Safety and Sustainability Director	Head of Engineering and Asset Management Strategy	Head of Sustainability	Deliver net zero

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		consumption as we move to an electric vehicle road fleet								
40	Continue towards creating a railway for Scotland that maximises the benefit of planned renewals and improves resilience in the face of the risks and impacts associated with climate change, through targeted physical climate change adaptation works on assets, continual improvements to climate risk assessment processes and development of a longer-term adaptation strategy	Our approach to improving the resilience of our railway against changes in climate is outlined in our Climate Ready Plan 2024-29. This includes: <ul style="list-style-type: none">o improvements to the resilience of assets during planned renewal works achieved where funding and design constraints permit (e.g. increasing capacity of a culvert to handle larger volumes of water);o improvements to climate risk assessment processes, and development of a longer-term adaptation strategy are funded as part	Climate resilience is a strategic priority identified in Scotland's Railways sustainability strategy. The key outcome of the joint climate ready plan for Scotland's Railway is to ensure that climate resilience is considered at all steps of the Railways infrastructure and operational activities ensuring the right investment is made in climate adaption and lessen the impacts of the changing climate on service delivery.	<ul style="list-style-type: none"> • Commence a programme to undertake physical climate change risk assessments on Scotland's Railway assets including the rolling stock fleet, fed by current and future climate and natural hazard data • Prepare a cost impact analysis of extreme weather events on ScotRail • Carry out screening and prioritisation for Adaptation Pathways development 	Our Climate	Director of Engineering and Asset Management	Safety and Sustainability Director	Head of Engineering and Asset Management Strategy	Head of Sustainability	Run a reliable railway

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		of the CP7 Climate Ready Plan 'Intelligence' workstream; and no additional shorter-term weather resilience activities are being delivered as part of the Weather Risk Taskforce and funded through asset team capex and ringfenced opex.	Ready Plan has set four key positive outcomes for Scotland's Railway: <ul style="list-style-type: none"> Making sure the decisions we make are based on a maturing understanding of climate-related risk. Developing a long-term climate adaptation and resilience strategy to increasingly guide our investment decisions. Delivering a programme of asset refurbishments and renewals that deliver resilience to acute weather events, as well as preparing for longer term changes in climate. 	<ul style="list-style-type: none"> Deliver the asset refurb, renewal and new build schemes outlined in our Climate Ready Plan (2024-29) for our assets Review of how we analyse, and report on, disruption caused by adverse or extreme weather and suggest planned improvements 						

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			<ul style="list-style-type: none"> Delivering new and improved risk, assurance, competence, and data processes to support our climate ready journey. <p>Report via Sustainability Board</p>							
41	Work in partnership with Scottish Rail Holdings, ScotRail Trains Ltd. and other external stakeholders to deliver its net zero, climate change adaptation and sustainability objectives while contributing to related Scottish Government objectives included in NTS2.	We will work collaboratively with Scottish Rail Holdings, ScotRail Trains Ltd and our other external stakeholders in delivering Scotland's Railway's updated sustainability strategy, in line with the level of funding available. This level of multi-agency decision making/partnership working currently takes place through the Sustainability	As for requirements #36 and #40 Report via Sustainability Board	As for requirements #36 and #40 Report via Sustainability Board		Director of Engineering and Asset Management	Safety and Sustainability Director	Head of Engineering and Asset Management Strategy	Head of Sustainability	Deliver net zero

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		Board and this will continue through CP7. We have a robust governance structure in place to engage with stakeholders, hold us to account and contribute to sustainability decision making.								
42	To deliver its business in a sustainable manner, contributing to financial efficiencies, reducing its impact on the environment, and making environmental improvements where appropriate.	This is an overarching ethos, supported by the more detailed HLOS sustainability requirements detailed above. We will continue to target sustainability improvements through our revised sustainability strategy, aligned to available funding	As for requirements #36 and #40 Report via Sustainability Board	As for requirements #36 and #40		Director of Engineering and Asset Management	Safety and Sustainability Director	Head of Engineering and Asset Management Strategy	Head of Sustainability	Deliver net zero
43	To evolve its Weather Resilience and Climate Change Adaptation	Scotland's Railway will evolve our Weather Resilience and Climate Change Adaptation strategy	As for requirements #36 and #40 Report via	As for requirements #36 and #40		Director of Engineering and Asset Management	Safety and Sustainability Director	Head of Engineering and Asset Management Strategy	Head of Sustainability	Deliver net zero

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	(WRCCA) strategy to set out the main threats and proposed mitigations associated with changes in weather patterns.	in line with the requirement (linked to requirement number 40).	Sustainability Board							
45	Deliver a sustainability strategy without drawing on resource from our budget or ScotRail Trains Ltd.	Work in partnership with our stakeholders as per requirement number 41. Transport Scotland has clarified this to mean that major sustainability projects should be funded through OMR, rather than enhancements budgets. It does not mean that Scotland Railway-wide sustainability initiatives – such as keeping materials in circulation for longer – cannot be included in our enhancement	The overarching objectives of the Climate Action Plan are: <ul style="list-style-type: none"> • Increase our adaptation capability maturity score from 2.5 to 4 as measured by the RSSB / Climate Sense adaptation capability assessment tool • Reduce operational (Scope 1 & 2) emissions by 65% against a 2018/19 baseline. • Improve data relating to our wider carbon footprint (Scope 	Deliver milestones and actions to support achievement of these overarching objectives, as set out in the Climate Change Action plan		Director of Engineering and Asset Management	Safety and Sustainability Director	Head of Engineering and Asset Management Strategy	Head of Sustainability	Deliver net zero

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		projects, but that stand alone initiatives such as the transition to electric road vehicles cannot be funded by enhancements	3) and enable total emissions reporting by the end of CP7 <ul style="list-style-type: none"> • Aim to increase biodiversity by 4% from the 2020 baseline • Use risk and assurance-supported data to set targeted objectives each year, aimed at reducing environmental incidents and actions raised • 25% increase in initiatives assessed with the Rail Social Value Tool, and value creation reported regularly <p>Note: The 65% reduction in operational (Scope 1 and 2) emissions and the 4% increase in</p>							

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			biodiversity targets are Network Rail delivered initiatives. Report via Sustainability Board							
46	In developing metrics for the delivery of the sustainability strategy, Scottish Ministers require Network Rail to improve data maturity by increasing the range of carbon emissions data reported to include Scope 3. Metrics must be developed aligned to the Scottish Government's environmental legislation and agreed with input from Transport Scotland, Scottish	This directly links to requirement number 37. By delivering requirement number 37 (the development of the metric) we will enable delivery of this requirement (data maturity).	Same as requirement #37 Report via Sustainability Board	Same as requirement #37		Director of Engineering and Asset Management	Safety and Sustainability Director	Head of Engineering and Asset Management Strategy	Head of Sustainability	Deliver net zero

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	Rail Holdings, ScotRail Trains Ltd. and the ORR. Agreed targets will be set in advance of and measured throughout CP7									
47	[Take account of the following as a priority for investment] maintaining safety, including a programme of works to make provision for weather resilience	<ul style="list-style-type: none"> We have captured investment prioritisation as part of the development of CP7 workbank mix. Safety, including provision for weather resilience during planned interventions, has formed part of this prioritisation of investment. Changes will be highlighted via our governance process. Re-prioritisation that results in deferral of work will be risk assessed and recorded using the deferred renewal 	<ul style="list-style-type: none"> 92.5% PPM MAA is achieved in year 4 of the control period at the latest The number of PPMf allocated to NR weather reduces between years 1 and 5 of CP7 The number of PPMf allocated to NR excludable (delays due to extreme weather events) reduces between years 1 and 5 of CP7 	<ul style="list-style-type: none"> Delivery of the 90.7% PPM MAA Scotland's Railway target for 2024/25 Separate accounting for excludable codes to enable easy tracking of impacts of speed restrictions and maintaining connections Delivery of the specific improvement plans set out in the 2024/25 Joint 	Director of Engineering and Asset Management	Service Delivery Director	Head of Engineering and Asset Management, Civils, Earthworks and Lineside	Control Continuous Improvement & Performance Manager	Run a reliable railway	

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		process set out in company standard NR/L2/HAM/02201 management of the risk arising from deferred renewals. Our approach to weather resilience and climate change adaptation will also be published in our final CP7 Weather Resilience and Climate Change Adaptation Plan.		Performance Strategy						
48	[Take account of the following as a priority for investment] maintaining performance at an acceptable level of 92.5% PPM (with allowances for severe weather speed restrictions and maintaining connections between trains) consistent with that specified for	We have set out in the CP7 strategic business plan which includes quantified improvements schemes, risks, key assumptions, benefits calculations and forecasts for CP7. • Scotland's Railways Joint Performance Strategy, underpinned by joint targets for Network Rail and	• 92.5% PPM MAA is achieved in year 4 of the control period at the latest • The five ScotRail performance sectors are all achieving target level for PPM MAA, capacity and cancellations in year 4 of the control period at the latest	• Delivery of the 90.7% PPM MAA Scotland's Railway target for 2024/25 • Delivery of the specific improvement plans set out in the 2024/25 Joint Performance Strategy	Route Director	Director of Strategic Planning	of	Head of Performance	Head of Performance	Run a reliable railway

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	ScotRail Trains Ltd.	ScotRail, will set out what action is required in each year to deliver on its targets.	Performance Improvement Executive							
49	[Take account of the following as a priority for investment] delivering efficiency to improve the net cost and thus financial sustainability of the whole Scottish rail system over time, noting this includes the impact of decisions on passenger and freight train revenue and operating costs.	We will use reasonable endeavours to: o develop a 'whole industry' business plan; o develop and maintain a 'whole industry' financial model; o establish a decision impact assessment methodology to support access planning; o develop joint efficiency business cases with a shared pipeline of initiatives; and o develop a shared benefits methodology that recognises the costs of each contributor	<ul style="list-style-type: none"> Publication of an integrated annual business plan for staff and stakeholders from year 3 of the control period Participate in GBR TT corridor level integrated track and train cost and revenue reporting Assess the net subsidy requirement for each corridor against the economic and societal value generated Identify and deliver initiatives which either grow the economic and societal contribution of Scotland's Railway and reduce the net 	<ul style="list-style-type: none"> Procure a study which estimates the economic and societal contribution of Scotlands Railway Participate in GBR TT corridor level integrated track and train cost and revenue reporting Prepare an efficiency delivery plan to grow the economic and societal contribution of Scotland's Railway and reduce the net 	Finance Director	Finance Director	Commercial Director (economic and societal contribution)	Regional Financial Strategy Director	Head Strategic of Finance	Reduce the net cost of the railway

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		and incentivises all parties fairly	Scotland's Railway or reduce the subsidy required from Scottish Goverment Provide updates, as appropriate, at Periodic Finance meetings with TS and ORR	subsidy requirement						
52	[Take account of the following principles in the approach to delivering HLOS requirements] deriving maximum utility from the existing network through whole industry measures that can make best use of existing railway assets and protect revenue, fully exploiting timetable/service-based opportunities,	We will use reasonable endeavours to work with ScotRail, other operators, freight operators, Transport Scotland and Scottish Rail Holdings to gather market insights (reference requirement number 22) to enable whole industry evidence-based decisions.	• Deliver a year on year increase of passengers per carriage during CP7 • Performance governance ensures topics and approach are driving performance outcomes that facilitate patronage growth Report via Strategic Timetabling Steering Group	• Delivery of the 90.7% PPM MAA Scotland's Railway target for 2024/25 • Delivery of the specific improvement plans set out in the 2024/25 Joint Performance Strategy • Avoiding service impacting industrial action • Delivering engineering works in a customer		Route Director	Director of Strategic Planning	Head of Passenger Experience	Head of Service Planning	Reduce the net cost of the railway

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	and rolling stock options			<p>focused manner as set out in requirements #8 and #13</p> <ul style="list-style-type: none"> • Delivery of 2024/25 ScotRail passenger revenue of £403.4m • Establish a CP7 entry baseline for passengers per carriage • Deliver phase 3 of Strathclyde and phase 1 of Fife and Tay Cities timetable improvements • Develop programme of tactical timetable improvements for May and December 2025 						
53	[Take account of the following principles in the	<ul style="list-style-type: none"> • To drive costs down we require Scottish • As described in requirements #8 and #13 the most 	The Integrated Planning Offices and Access		Capital Delivery Director of Strategic Planning	Head of Programme Management	Head of Service Planning (access)	Reduce the net cost of the railway		

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	approach to delivering HLOS requirements] focusing efficient and affordable investment in infrastructure, in the right location and at the right time centred around maximising the efficiency on all works through a whole system approach to limit the impact on passengers and freight customers and drive down costs.	Government support to help stabilise workbanks and provide clear and stable priorities and early investment decision priorities. <ul style="list-style-type: none"> The work we are doing through the Integrated Planning Office (IPO) and Access Development Programmes. Along with the interface with DEAM organisation relating to Corridor Planning renewals focus. This aligns with the joint focus we are putting into better alignment between its Assessment Management and Delivery organisations. The Access Development Programme 	appropriate approach to delivering engineering works on each corridor has been appraised and consulted <ul style="list-style-type: none"> Year on year revenue growth and subsidy reduction as set out in requirement #52 is delivered, ie. the volume of disruptive access required is balanced with the need to deliver net revenue growth Report via Pipeline Programme Board	Development Programmes deliver approved inputs to the 2025/26 EAS		or of Engineering and Asset Management		and Controls /Head of Engineering & Asset Management Strategy	Head of Business Development (enhancement scope and business case)	

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		comprises representatives from Access Planning Team, the Integrated Planning Office, and the Passenger Experience Team. The programme will define the process by which disruptive access and proposals made to industry on the optimum solution to be deployed. <ul style="list-style-type: none"> The Integrated Planning Office (IPO) looks to address the requirements for disruptive access in a 3-to-7 year horizon supplementing the current Engineering Access Process which looks 18 to 24 months out. The IPO will consider the integration of 								

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		Enhancements and Renewals workbanks and consider access requirements on a line of route, or Corridor Planning basis, to generate maximum benefit.								
55	[Take account of the following principles in the approach to delivering HLOS requirements] working together with ScotRail Trains Ltd. (and cross-border passenger and freight operators as appropriate), to develop a whole industry financial view for each route that takes into account, for example, the cost of the operation and maintenance of the network assets and the	<ul style="list-style-type: none"> • Build on established work between Network Rail and ScotRail Trains Ltd. We will use reasonable endeavours to establish a 'whole industry P&L' (profit & loss statements at route level) that reflects the costs and revenues by: <ul style="list-style-type: none"> • widening the work to include other operators; • establishing a secure data platform for the sharing of financial and related information; • developing and 	As for requirement #49 Provide updates, as appropriate, at Periodic Finance meetings with TS and ORR	As for requirement #49		Finance Director	Finance Director	Regional Financial Strategy Director	Head of Strategic Finance	Reduce the net cost of the railway

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	revenues realised from the operation of services on those assets	maintaining a 'whole industry' financial model; and • agreeing a consistent set of principles and activity drivers that can be applied to the treatment of costs and revenues in assigning those to routes.								
60	Electric passenger and freight trains offers zero emission transport which cost less to purchase and operate, are more reliable and faster and attract more passengers than existing diesel or alternative technology trains. This is reflected in the Scottish Ministers' published Rail Decarbonisation Action Plan.	Scotland's Railway will continue to work with Transport Scotland and the rail industry in Scotland to efficiently deliver electrification works, noting that decision making on the enhancement portfolio is based on Transport Scotland's Rail Enhancements & Capital Investment Strategy, not the periodic review process.	• The unit cost per STK of electrification net of inflation is lower at the CP7 exit position compared to entry • Outline business cases approved for new suburban, intercity and rural fleets based on the most economic whole life cost traction power source.	• Outline business case for new suburban trains approved and procurement launched • Outline business case for replacement intercity trains (as part of Aberdeen Route Upgrade) approved and procurement mobilised • Trial	Report via	Capital Delivery Director	Director of Strategic Planning	Route Delivery Director	Head of Business Development	Reduce the net cost of the railway

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	Therefore, it is essential that Network Rail builds on the successful progress in CP6 to drive down the cost of railway electrification works in Scotland.		Pipeline Programme Board	investigated for adjacent line open working <ul style="list-style-type: none"> Delivery to cost and programme of East Kilbride route enhancements Final business case for Fife and Borders decarbonisation 						
67	It is imperative that any works proposed on the rail network are considered as a 'Whole System Approach'. Therefore, Scottish Ministers require Network Rail to consider the sequencing of enhancement schemes alongside existing renewal and	Scotland's Railway's Investment Pipeline (SIP) describes our integrated plans for enhancements / renewals and rolling stock changes in the short / medium and long-term (through to 2045). The SIP includes our latest view of how best to deliver the Decarbonisation Action Plan (DAP),	Update Scotland's Investment Pipeline each quarter and review at Pipeline Integration Board to demonstrate our investment is planned in a "Whole System Approach".	Update Scotland's Investment Pipeline each quarter and review at Pipeline Integration Board to demonstrate our investment is planned in a "Whole System Approach"	Strategy & Investment Director	Director of Strategic Planning	Lead Programme Development Director	Head of Service Planning	Reduce the net cost of the railway	

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	maintenance programmes to ensure maximum efficiency, whilst minimising disruption to passengers and freight.	<p>Strategic Transport Projects Review 2 rail projects and other Scottish Government rail policy outcomes.</p> <p>The SIP is refreshed and published quarterly and reviewed at Pipeline Programme Board (PPB) every period. This provides regular opportunities for Scotland's Railway to assess the timing and phasing of all works (at both a network and corridor basis), and the implications in terms of delivery efficiency and disruption to customers. This will be managed as Scotland's Investment Pipeline (SIP). It is refreshed quarterly and is</p>								

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		reviewed at the industry periodic forum								
68	[Key areas and how Scottish Ministers will expect NR Scotland to act on OMR/Enhancements are] process - identifying any/all alignments so as to gain efficiencies, maximise benefits, and maximise value for taxpayer money	Part of refreshing our Investment Pipeline (SIP), asset management strategies and workbanks are regularly reviewed with the Director of Engineering and Asset Management's team, to identify and align potential synergy opportunities between renewals and enhancements.	As part of the SIP (reference #67 above) asset management strategies and workbanks are reviewed with the Engineering and Asset Management team. Works are then scheduled in the SIP to optimise delivery efficiencies and corridor level outcomes.	Update Scotland's Investment Pipeline each quarter and review at Pipeline Integration Board to demonstrate our investment is planned in a "Whole System Approach"		Strategy & Investment Director	Director of Strategic Planning	Lead Programme Development Director	Head of Business Development	Reduce the net cost of the railway
		PACE 1 development is undertaken to provide clarity on renewals and enhancement requirements and inform funding decisions. Works are scheduled in the SIP to optimise	Update Scotland's Investment Pipeline each quarter and review at Pipeline Integration Board to demonstrate our investment is planned in a "Whole System Approach".							

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		delivery efficiencies and corridor level outcomes.									
72	The ORR's Final Determination for Control Period 6 specified that Network Rail should prepare a suitable fully-developed signalling strategy by March 2024 for Scottish Ministers	Signalling Scotland's Future is an industry framework that has been created to establish the appropriate train control strategy for each of Scotland's Strategic lines of route. The output will deliver proportional business cases, per line of route, for the type of train control solution, considering numerous factors to inform the investment strategy, namely; social economic profile, economic growth of the line of route, rolling stock procurement strategies, asset condition	<ul style="list-style-type: none"> Approved signalling strategy incorporated into long term corridor plans and outline business cases prepared in CP7 for corridor enhancements / renewal Approved signalling strategy incorporated into technical and operating requirements for any new train procurement launched in CP7. Report via Pipeline Integration Board	<ul style="list-style-type: none"> Deliver our CP7 renewals plans in line with the approach within Signalling Scotland's Future strategy Undertake annual assessment of our renewals profiles generated as part of SSF to continually validate efficiency and cost assumptions Outline business case for new suburban trains approved and procurement 		Director of Engineering and Asset Management	Director of Strategic Planning	Head of Engineering and Asset Management Track, Signalling, Telecoms & OHLE	Head of Business Development (train plan and business case)	Head of Operational Safety (drivability and safety)	Track and train working together

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		<p>constraints, major enhancement investments, renewal investments and the concept of operations for Scotland (Conops).</p> <p>This process will be governed by the Industry Steering Group, established in 2022, made up of Transport Scotland, Network Rail Scotland and ScotRail Trains Ltd. Regular updates to RBIG will occur throughout the development process with a first milestone of the strategy to be available in March 2024.</p>		<p>launched</p> <ul style="list-style-type: none"> Outline business case for replacement intercity trains (as part of Aberdeen Route Upgrade) approved and procurement mobilised Final business case for Fife and Borders decarbonisation 						
73	Scottish Ministers require that Signalling Scotland's Future should be used to	Refer to requirement number 72	As for requirement #72 Report via	As for requirement #72		Director of Engineering and Asset Management	Director of Strategic Planning	Head of Engineering and Asset Management	Head of Business Development (train plan and business case)	Track and train working together

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	develop the Scottish signalling strategy by March 2024, which should comprise a programme of signalling plans for each line of route in Scotland, that will maintain safety and operational performance, reduce whole railway system net cost, provide efficiency through integration with enhancement investments, avoid the high unit cost and premature obsolescence issues of recent approaches and at the same time deliver maximum benefits to passenger and freight customers. Until those line of		Pipeline Integration Board						Signalling, Telecoms & OHLE	Head of Operational Safety (drivability and safety)

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	route plans have been produced to the satisfaction of Scottish Ministers, signalling investment should be limited to that necessary to maintain safety and operational performance and to signalling schemes necessary to facilitate enhancement investments, especially decarbonisation through electrification, which will be specified and funded separately									
78	The efficient introduction of new rolling stock will require Network Rail to maintain infrastructure asset capability,	This requirement shall be adhered through a collaborative industry process (to be established) to review, update and re-issue of the Train	<ul style="list-style-type: none"> The bidders for manufacture of the new suburban train fleet will be provided with comprehensive detail in an accessible format Details of infrastructure non compliances on the routes to be operated by the new suburban train fleet will 			Director of Engineering and Asset Management	Director of Strategic Planning	Head of Engineering and Asset Management Track, Signalling, Telecoms & OHLE	New Trains Project Manager (project requirements)	Reduce the net cost of the railway

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	and to provide assured data about this capability upon which operators will be able to place reliance when specifying, designing and introducing new rolling stock. Data on capability, infrastructure gauge, electromagnetic compatibility and vehicle-platform interfaces, should be maintained now for the safe operation of existing rolling stock.	Infrastructure Interface Specification (TIIS) from Scotland's Railway. This revised multi-disciplinary document shall create a baseline of industry understanding to inform future proposals and shall contain relevant information applicable to the geographical area in where new rolling stock is to be deployed.	on the parts of the network which the new trains are planned to operate which are not complaint with TSI or notified standards • The executed Manufacturing and Supply Agreement with the supplier for new suburban trains will contain an appropriate allocation of risk between the manufacturer, Network Rail and ScotRail based on this information • Lessons learned from this process will be incorporated into the information provided during the procurement phase for new	be provided to manufacturers in a timely manner to incorporate into their tender submissions • An appropriate allocation of risk between Network Rail, ScotRail and the manufacturer will be included in the model contracts issued as part of the tender process, evolved through the tender period and finalised at contract award with the preferred supplier • Capturing						Procurement & Delivery (programme requirements)

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		<p>This information will form part of the TIIS appendices for the given geography along with infrastructure asset management requirements (inclusive of onboard monitoring).</p> <p>We hold capability and configuration of existing assets. This does not extend to the provision of new and /or amended data sets.</p>	<p>intercity and rural fleets.</p> <p>Report via Rolling Stock Board</p>	<p>relevant data from the above as part of the TIIS and new train procurement documentation for infrastructure capability.</p>						
79	[In collaboration with Scottish Rail Holdings and ScotRail Trains Ltd., Scottish Ministers require Network Rail to] provide assured data that will facilitate the efficient development of the system	<p>Refer to requirement number 78.</p> <p>We assume this requirement relates to the provision of data that Network Rail holds on capability and configuration of existing assets. This does not extend to</p>	<p>As for requirements #72 and #78</p> <p>Report via Rolling Stock Board</p>	<p>As for requirements #72 and #78</p>		<p>Director of Engineering and Asset Management</p>	<p>Director of Strategic Planning</p>	<p>Head of Engineering and Asset Management Track, Signalling, Telecoms & OHLE</p>	<p>New Trains Project Manager (project requirements)</p> <p>Head of New Fleet Procurement & Delivery (programme requirements)</p>	<p>Reduce the net cost of the railway</p>

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	requirements and business cases for the replacement of diesel and older electric fleets	the provision of new and or amended data sets.								
80	[In collaboration with Scottish Rail Holdings and ScotRail Trains Ltd., Scottish Ministers require Network Rail to] produce and update a coherent plan to facilitate the introduction of new trains procured for Scotland's Railway, to ensure that Scotland's railway infrastructure is ready to operate those trains on arrival	We will work in collaboration with Scottish Rail Holdings, ScotRail Trains Ltd and Transport Scotland to develop a fully integrated whole-railway system plan for the introduction of new train fleets. This will be supported by its work with Transport Scotland to develop the Team Scotland governance so that it provides proper assurance of delivery against this integrated plan. This work is currently in development and is being discharged using existing resources. Management of	<ul style="list-style-type: none"> • Details of infrastructure availability (including depot and stabling facilities) on the routes to be operated by the new suburban train fleet will be provided to manufacturers in a timely manner to incorporate into their tender submissions • Outline and Final Business cases will include all whole system costs (track, train, opex, capex and revenue generated) and funding for all aspects will be 	<ul style="list-style-type: none"> • Details of infrastructure availability (including depot and stabling facilities) will be provided to manufacturers in a timely manner to incorporate into their tender submissions • The level of detail provided will evolve from ITN to BAFO stages of the procurement 	Strategy & Investment Director	Director of Strategic Planning	Principal Programme Sponsor	New Trains Project Manager (project requirements)	Head of New Fleet Procurement & Delivery (programme requirements)	Track and train working together

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		capital funding of the pipeline of infrastructure enhancements that form a core part of this plan will be aligned and integrated between Scotland's Railway and Transport Scotland.	obtained prior to awarding contracts. <ul style="list-style-type: none"> Lessons learned from this process will be incorporated into the information provided during the procurement phase for new intercity and rural fleets Report via Rolling Stock Board							
81	[In collaboration with Scottish Rail Holdings and ScotRail Trains Ltd., Scottish Ministers require Network Rail to] Work with its suppliers to develop and provide timeous, detailed, route-specific interface specifications	This will be achieved in two parts. 1. through the Train Infrastructure Interface Specification (TIIS) which has been developed to support Train procurement; and 2. via the Signalling Scotland's Future Line of route	As for requirements #72 and #78	As for requirements #72 and #78		Director of Engineering and Asset Management	Director of Strategic Planning	Head of Engineering and Asset Management Track, Signalling, Telecoms & OHLE	New Trains Project Manager (project requirements)	Reduce the net cost of the railway

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	with all infrastructure sub-systems, and cooperate to develop cost-effective railway system solutions to any technical incompatibility identified;	<p>strategy – whereby rolling stock life expectancy and procurement is a key input to the formation of a line of route plan for train control options (present and future). Technical incompatibilities will be circumstantial to a particular line of route, therefore the business case process under SSF provides the best mechanism to evaluate the industry solutions.</p> <p>Our working assumption is this requirement relates to the provision of data that we currently hold on capability and configuration of existing assets only.</p>								

ID	(A) Requirement - as specified in Scottish Ministers' High Level Output Specification for Control Period 7	(B) What the ORR's Final Determination interprets the requirement to mean (from October 2023)	(C) How we will know if we have successfully delivered the requirement by March 2029?	(D) What do we plan to deliver together in the next 12 months?	(E) What did we achieve in the previous 12 months (to be first populated in March 2025)	(F) Scotland's Railway (NR) Director	(G) Scotland's Railway (ScotRail) Director	(H) Scotland's Railway (NR) Senior Leader	(I) Scotland's Railway (ScotRail) Head of Service	(J) Strategic Objective
82	[In collaboration with Scottish Rail Holdings and ScotRail Trains Ltd., Scottish Ministers require Network Rail to] ensure that OMR activities are planned and implemented in a manner that takes advantage of opportunities to reduce the volume and criticality of likely incompatibilities and the workload of train introduction, including for the accessibility of platforms at stations	We will make reasonable endeavours to assist via the Train Infrastructure Interface Specification and System Review Panel.	As for requirements #72 and #78 Report via Rolling Stock Board	As for requirements #72 and #78		Director of Engineering and Asset Management	Director of Strategic Planning	Head of Engineering and Asset Management Strategy	New Trains Project Manager (project requirements) Head of New Fleet Procurement & Delivery (programme requirements)	Reduce the net cost of the railway
83	[In collaboration with Scottish Rail Holdings and ScotRail Trains Ltd., Scottish Ministers require Network Rail to]	Work in collaboration with Scottish Rail Holdings, ScotRail Trains Ltd and Transport Scotland to develop a fully	As for requirement #80 Report via Rolling Stock Board	As for requirement #80		Strategy & Investment Director	Director of Strategic Planning	Principal Programme Sponsor	New Trains Project Manager (project requirements) Head of New	Track and train working together

ID	(A) Requirement - as specified in Scottish Ministers' High Level Output Specification for Control Period 7	(B) What the ORR's Final Determination interprets the requirement to mean (from October 2023)	(C) How we will know if we have successfully delivered the requirement by March 2029?	(D) What do we plan to deliver together in the next 12 months?	(E) What did we achieve in the previous 12 months (to be first populated in March 2025)	(F) Scotland's Railway (NR) Director	(G) Scotland's Railway (ScotRail) Director	(H) Scotland's Railway (NR) Senior Leader	(I) Scotland's Railway (ScotRail) Head of Service	(J) Strategic Objective
	ensure that the time between acquisition of new trains and deployment to available infrastructure is minimised and that delivery and introduction of new trains is seamless	integrated whole-railway-system plan for the introduction of new train fleets. This will be supported by our work with Transport Scotland to develop the Team Scotland governance so that it provides proper assurance of delivery against this integrated plan. • This work is currently in development and is being discharged using existing resources. Management of capital funding of the pipeline of infrastructure enhancements that form a core part of this plan will be aligned and integrated between Scotland's Railway and Transport Scotland.							Fleet Procurement & Delivery (programme requirements)	

ID	(A) Requirement - as specified in Scottish Ministers' High Level Output Specification for Control Period 7	(B) What the ORR's Final Determination interprets the requirement to mean (from October 2023)	(C) How we will know if we have successfully delivered the requirement by March 2029?	(D) What do we plan to deliver together in the next 12 months?	(E) What did we achieve in the previous 12 months (to be first populated in March 2025)	(F) Scotland's Railway (NR) Director	(G) Scotland's Railway (ScotRail) Director	(H) Scotland's Railway (NR) Senior Leader	(I) Scotland's Railway (ScotRail) Head of Service	(J) Strategic Objective
		<ul style="list-style-type: none"> • We will use reasonable endeavours to minimise the time between train acquisition and a seamless deployment of trains. 								
84	[In collaboration with Scottish Rail Holdings and ScotRail Trains Ltd., Scottish Ministers require Network Rail to] cooperate with the specification of infrastructure monitoring equipment to be fitted to the new rolling stock to facilitate the quality, effectiveness and efficiency of infrastructure inspection and maintenance	We will make reasonable endeavours to assist via the Train Infrastructure Interface Specification	<ul style="list-style-type: none"> • An outline specification for infrastructure monitoring equipment required on the new suburban train fleet will be provided to bidders as part of the ITN • A detailed specification will be provided prior to the BAFO phase • Lessons learned from this process will be incorporated into the information provided during the procurement phase for new 	<ul style="list-style-type: none"> • Details of infrastructure monitoring equipment to be fitted to the new suburban train fleet will be provided to manufacturers in a timely manner to incorporate into their tender submissions • The level of detail provided will evolve from ITN to BAFO stages of the procurement 		Director of Engineering and Asset Management	Director of Strategic Planning	Head of Engineering and Asset Management Strategy	New Trains Project Manager (project requirements)	Track and train working together

ID	(A) Requirement - as specified in Scottish Ministers' High Level Output Specification for Control Period 7	(B) What the ORR's Final Determination interprets the requirement to mean (from October 2023)	(C) How we will know if we have successfully delivered the requirement by March 2029?	(D) What do we plan to deliver together in the next 12 months?	(E) What did we achieve in the previous 12 months (to be first populated in March 2025)	(F) Scotland's Railway (NR) Director	(G) Scotland's Railway (ScotRail) Director	(H) Scotland's Railway (NR) Senior Leader	(I) Scotland's Railway (ScotRail) Head of Service	(J) Strategic Objective
			intercity and rural fleets Report via Rolling Stock Board	• Identify opportunities to innovate using existing industry data sources as part of network-wide R&D and IM Boards.						
85	[In collaboration with Scottish Rail Holdings and ScotRail Trains Ltd., Scottish Ministers require Network Rail to] cooperate with the development of a depot and stabling capability plan. Plan for the introduction of a Connected Driver Advisory Speed System12 (CDAS) for the new rolling stock, which takes account of the evolving understanding of the requirements created by	Work in collaboration with ScotRail Trains Ltd, Scottish Rail Holdings and Transport Scotland to develop a fully integrated whole-railway-system plan for the introduction of new train fleets. This will be supported by our work with Transport Scotland to develop the Team Scotland governance so that it provides proper assurance of delivery against this integrated plan. This work is currently in development and is	As for requirements #72, 78 and #80 Report via Rolling Stock Board	As for requirements #72, 78 and #80		Strategy & Investment Director	Director of Strategic Planning	Principal Programme Sponsor	New Trains Project Manager (project requirements) Head of New Fleet Procurement & Delivery (programme requirements)	Track and train working together

ID	(A) Requirement - as specified in Scottish Ministers' High Level Output Specification for Control Period 7	(B) What the ORR's Final Determination interprets the requirement to mean (from October 2023)	(C) How we will know if we have successfully delivered the requirement by March 2029?	(D) What do we plan to deliver together in the next 12 months?	(E) What did we achieve in the previous 12 months (to be first populated in March 2025)	(F) Scotland's Railway (NR) Director	(G) Scotland's Railway (ScotRail) Director	(H) Scotland's Railway (NR) Senior Leader	(I) Scotland's Railway (ScotRail) Head of Service	(J) Strategic Objective
	different traction technologies. The plan shall address differing power supplies, safety, access, logistics and skills requirements and will be produced in conjunction with industry stakeholders	being discharged using existing resources. Management of capital funding of the pipeline of infrastructure enhancements that form a core part of this plan will be aligned and integrated between Scotland's Railway and Transport Scotland.								

SCHEDULE PART 2**COLLABORATION PRINCIPLES**

1. The Parties agree that the Alliance Agreement shall be operated in accordance with the following collaboration principles.
 - 1.1. Without the other Party, there is no point in either Party existing – everyone fails if only one Party delivers their objectives.
 - 1.2. Everything that can be integrated should be integrated. Where that is not possible, there should be deep collaboration. Where that is not possible, there should be aligned objectives.
 - 1.3. Honest and constructive feedback in real time across both Parties and with ScotRail Holdings Limited and Transport Scotland.
 - 1.4. Treating all operators fairly, including SRT.
 - 1.5. Use facts and evidence to make joint industry decisions.
 - 1.6. Not passing problems between each other. Jointly own the problem and the solution.
 - 1.7. Transport Scotland supports integration, collaboration and alignment by giving guidance and incentives to all parties that are coherent and aligned.
 - 1.8. Identify and seek to remove “friction” where it wastes time and resources which could be spent positively improving our service to customers and saving taxpayers money.
2. Working in this way should strengthen trust across the rail business in Scotland.

SCHEDULE PART 3**RISK ALLOCATION AND INSURANCE****1. RISK AND LIABILITY****1.1. Liability Scheme**

1.1.1. The Parties have agreed and intend in relation to the Alliance (both as regards the Alliance Term and the Unwind Plan) that, notwithstanding:

- (a) the Alliance Activities;
- (b) [the involvement of NRIL Alliance Participants in TOC Activities; and]
- (c) the involvement of [] Alliance Participants in NRIL Activities,]

liability (including liability arising in relation to other contracts between them and in respect of non-contractual claims) should continue to be ultimately borne by the same Party which would have borne it in the absence of the Alliance (and in particular in the absence of the matters specified in (a) to (c) above).

1.1.2. The Parties have agreed and intend in relation to the Alliance Activities (both as regards the Alliance Term and the Unwind Plan) that, notwithstanding: (i) the Alliance; (ii) the involvement of NRIL Alliance Participants in [] Activities; and (iii) the involvement of [] Alliance Participants in NRIL Activities:

- (a) liability arising from claims brought against a Party which results from the use of a motor vehicle shall be borne by the registered keeper, but otherwise the following rules shall apply;
- (b) liability arising from claims brought against a Party by a third party (other than a claim by an Alliance Participant brought in connection with their employment) will ultimately be borne:
 - (i) by the Party claimed against, as a third party claim, where the claim results from activities of the type which were carried out by that Party immediately prior to the Alliance; and
 - (ii) by the other Party, as a third party claim, where the claim results from the activities of the type which were carried out by the other Party immediately prior to the Alliance;

- (c) liability arising from claims brought against a Party by an Alliance Participant of that Party which relate to injury, death, illness, disease, mental injury or mental anguish that results in a recognisable psychiatric injury suffered by an Alliance Participant in connection with their employment will ultimately be borne:
 - (i) by the Party claimed against, as an employment claim, where the claim results from the activities of the type which were carried out by that Party immediately prior to the Alliance; and
 - (ii) by the other Party, as a third party claim, where the claim results from the activities of the type which were carried out by that other Party immediately prior to the Alliance;
- (d) liability arising from claims brought against a Party by an Alliance Participant of the other Party which relate to injury, death, illness, disease, mental injury or mental anguish that results in a recognisable psychiatric injury suffered by an Alliance Participant in connection with their employment will ultimately be borne:
 - (i) by the Party claimed against, as a third party claim, where the claim results from the activities of the type which were carried out by that Party immediately prior to the Alliance; and
 - (ii) by the other Party, as an employment claim, where the claim results from the activities of the type which were carried out by that other Party immediately prior to the Alliance;
- (e) liability arising from claims brought against a Party by an Alliance Participant of either Party in connection with their employment which do not relate to injury, death, illness, disease, mental injury or mental anguish that results in a recognisable psychiatric injury will ultimately be borne by the employer, irrespective of which Party's activities the claim results from;
- (f) the Parties will not bring claims against each other's Alliance Participants or Appointees;

- (g) liability for claims between the Parties in relation to breach of contract and/or property damage will be preserved but must be blind to which Party's Alliance Participants or Appointees were responsible for the damage;
- (h) a Party's directors and officers will continue to be protected by its own insurance cover, including in respect of their involvement in the activities which were carried out by the other Party immediately prior to the Alliance;
- (i) more generally, the Party's insurance arrangements should reflect the principles set out above; and
- (j) as between the Parties, and without affecting the legal position with respect to liability or insurance, [the benefit sharing mechanism set out in Schedule Part may have the effect in practice of sharing the financial impact of certain claims on the Actual Baselines.

1.2. Accordingly the Parties have agreed that:

- 1.2.1. in order to achieve the intentions set out in this Schedule Part 3; and
- 1.2.2. without prejudice to the generality of those intentions; and
- 1.2.3. for the purposes of this Agreement,

the following liability scheme shall apply:

- 1.2.4. liability of a Party (or, in certain circumstances specified in this 1.2.4, its Affiliates) to third parties (which for the avoidance of doubt means a person other than one of the Parties) including liability to an Alliance Participant and/or Appointees which relates to injury, death, illness, disease, mental injury or mental anguish that results in a recognisable psychiatric injury shall, regardless of which Party (or Affiliate) any relevant claim is made against, continue to attach to:

- (a) NRIL to the extent the liability results from NRIL Activities; and
- (b) [TOC] to the extent the liability results from [TOC] Activities.

- 1.2.5. subject to and without prejudice to paragraphs [13] (Transferor Indemnities) and [14] (Transferee Indemnities) of Schedule [6], in relation to liability in respect of

Employment Claims brought against a Party or its Affiliate by or on behalf of Alliance Participants which do not relate to injury, death, illness, disease, mental injury or mental anguish that results in a recognisable psychiatric injury, regardless of which Party (or Affiliate of a Party) they are made against, shall continue to attach:

- (a) to NRIL or its Affiliates where the Employment Claim is brought by a NRIL Alliance Participant (notwithstanding his/her involvement in [TOC] Activities and/or him/her working under the direction of [TOC] or an [TOC] Alliance Participant); or
- (b) to [TOC] or its Affiliates where the Employment Claim is brought by a [TOC] Alliance Participant (notwithstanding his/her involvement in NRIL Activities and/or him/her working under the direction of NRIL or an NRIL Alliance Participant);

1.2.6. NRIL shall not and shall procure that none of its Affiliates will claim against [TOC] Alliance Participants and/or [TOC] Appointees in connection with the involvement of [TOC] Alliance Participants and/or [TOC] Appointees in the NRIL Activities arising out of the implementation of this Agreement;

1.2.7. [TOC] shall not and shall procure that none of its Affiliates will claim against NRIL Alliance Participants and/or NRIL Appointees in connection with the involvement of NRIL Alliance Participants and/or NRIL Appointees in the [TOC] Activities arising out of the implementation of this Agreement;

1.2.8. NRIL shall be entitled to pursue any claim or potential claim against [TOC] or any Affiliate of [TOC] (whether contractual or non-contractual in nature including claims made under the Track Access Agreement and including, for the avoidance of doubt, claims which would be regarded as "third party claims" for the purposes of [TOC]'s insurance), but:

- (a) in pursuing such other claim or potential claim against [TOC] or any Affiliate of [TOC], NRIL shall not be entitled to rely upon the argument that liability attaches to [TOC] or any Affiliate of [TOC] by virtue of the involvement of [TOC] Alliance Participants and/or [TOC] Appointees in NRIL Activities; and
- (b) in defending such other claim or potential claim brought by NRIL, [TOC] shall not be entitled to (and shall procure that its Affiliates do not)

rely upon the argument that liability does not attach to it by virtue of the involvement of NRIL Alliance Participants and/or NRIL Appointees in [TOC] Activities;

1.2.9. [TOC] shall be entitled to pursue any claim or potential claim against NRIL or any Affiliate of NRIL (whether contractual or non-contractual in nature including claims made under the Track Access Agreement and including, for the avoidance of doubt, claims which would be regarded as "third party claims" for the purposes of NRIL's insurance), but:

- (a) in pursuing such other claim or potential claim against NRIL or any Affiliate of NRIL, [TOC] shall not be entitled to rely upon the argument that liability attaches to NRIL or any Affiliate of NRIL by virtue of the involvement of NRIL Alliance Participants and/or NRIL Appointees in [TOC] Activities; and
- (b) in defending such other claim or potential claim brought by [TOC], NRIL shall not be entitled to (and shall procure that its Affiliates do not) rely upon the argument that liability does not attach to it by virtue of the involvement of [TOC] Alliance Participants and/or [TOC] Appointees in NRIL Activities.

1.3. Accordingly the Parties have agreed to the insurance obligations set out in this Schedule Part 3 and to hold each other harmless as set out in this Schedule Part 3.

1.4. Insurance

1.4.1. Each Party shall with effect from the Alliance Commencement Date, maintain in force and/or renew (and/or procure that the same are maintained in force and/or renewed) all existing policies of insurance in relation to their respective Alliance Activities in accordance with its practice immediately prior to the Alliance Commencement Date and/or as required by Law or the subsequent provisions of this clause [] in respect of:

- (a) third party liability;
- (b) employers' liability;
- (c) directors' and officers' liability;
- (d) first party property damage;

- (e) motor liability; and
- (f) other business risks which are customarily insured in accordance with Good Industry Practice,

provided that there shall be no obligation to maintain in force and/or renew (and/or procure that the same are maintained in force and/or renewed) policies of insurance in relation to loss of profit cover and/or professional indemnity cover.

For the avoidance of doubt, subject to compliance with the express requirements of this paragraph 1.3. 1, neither Party shall be required to amend the commercial terms on which it procured insurance cover immediately prior to the Alliance Commencement Date.

1.4.2. NRIL shall procure that, with effect from the Alliance Commencement Date and until expiry or termination:

- (a) [TOC] and [TOC]'s Affiliates (to the extent that such Affiliates provide or have provided any Alliance Participant and/or Appointee to a Party) are added to NRIL's policy or policies of third party liability insurance (and references to third party liability insurance in this paragraph 1.3.2 shall not include any policy or policies of professional indemnity or financial loss insurance) as an additional insured to the extent of any liability of [TOC] or its Affiliates (to the extent that such Affiliates provide or have provided any Alliance Participant and/or Appointee to a Party) to third parties which relates to NRIL Activities and arises out of the implementation of this Agreement (and in particular the involvement of [TOC] Alliance Participants and/or [TOC] Appointees in NRIL Activities);
- (b) its policy or policies of third party liability insurance are extended to cover its liability to third parties arising out of or in connection with the involvement of [TOC] Alliance Participants and/or [TOC] Appointees in NRIL Activities arising out of the implementation of this Agreement;
- (c) its policy or policies of third party liability insurance contain a provision under which its insurers agree that their rights of subrogation against [TOC] and its Affiliates (to the extent that such Affiliates provide or have provided any Alliance Participant and/or Appointee to a Party), and

[TOC] Alliance Participants and/or [TOC] Appointee have been waived in circumstances where NRIL itself would not have a claim against [TOC] or its relevant Affiliates or the relevant NRIL Alliance Participants and/or NRIL Appointees;

- (d) its policy or policies of third party liability insurance contain a provision under which its insurers agree that cover shall apply to [TOC] and NRIL and their Affiliates (to the extent that such Affiliates provide or have provided any Alliance Participant and/or Appointee to a Party) in the same manner and to the same extent as if individual policies had been issued to each, provided that the total liability of the Insurers to all of the insured parties collectively shall not exceed the limit of indemnity;
- (e) its policy or policies of third party liability insurance contain a provision that any act, error or omission by one insured party will not be attributed to, or invalidate the insurance of, any other insured party provided that the insured party seeking an indemnity under the relevant policy has not caused, contributed to or knowingly condoned those acts, errors or omissions; and provided that such insured party, as soon as reasonably possible on becoming aware of the same, shall give notice to the relevant insurer;
- (f) its policy or policies of third party liability insurance contain a provision that no claim by an insured party shall be defeated, prejudiced or otherwise affected by any act, omission, neglect, breach or violation of any warranty, declaration or condition on the part of any other insured party provided that the insured party seeking an indemnity under the relevant policy has not caused, contributed to or knowingly condoned those acts or omissions, neglect, breach or violation of any warranty, declaration or condition; and provided that such insured party, as soon as reasonably possible on becoming aware of the same, shall give notice to the relevant insurer;
- (g) its policy or policies of third party liability insurance contain a provision that insurers shall accept notification of claims or other matters requiring notification given by any insured party as valid notification in respect of the interest of each insured party;

- (h) its policy or policies of third party liability insurance will in relation to liabilities arising out of the implementation of this Agreement provide that the insurer shall not contend that the relevant policy is in excess of any other insurance policy and shall not be entitled to contribution from any other insurance held by an insured;
- (i) its policy or policies of employer liability insurance are extended to cover, on a consistent basis, liability for Employment Claims:
 - (i) by any NRIL Alliance Participant which relate to injury, death, illness, disease, mental injury or mental anguish that results in a recognisable psychiatric injury suffered by such NRIL Alliance Participant in connection with his/her participation in [TOC] Activities brought against NRIL or any Affiliate (to the extent that such Affiliate provides or has provided any Alliance Participant and/or Appointee to a Party) and other cover provided by the employers' liability policy/employers' liability section of the policy, arising out of the implementation of the Alliance Agreement; and
 - (ii) by any [TOC] Alliance Participant (based in whole or part on the [TOC] Alliance Participant alleging or it being held that NRIL or any Affiliate owes him/her duties or obligations as an employer) which relate to injury, death, illness, disease, mental injury or mental anguish that results in a recognisable psychiatric injury suffered by such [TOC] Alliance Participant in connection with his/her participation in Alliance Activities brought against NRIL or any Affiliate (to the extent that such Affiliate provides or has provided any Alliance Participant and/or Appointee to a Party) and other cover provided by the employers' liability policy/employers' liability section of the policy, arising out of the implementation of the Alliance Agreement;
- (j) its policy or policies of employer liability insurance are extended to cover NRIL's liability pursuant to this Agreement;
- (k) its policy or policies of employer liability insurance contain a provision under which its insurers agree that their rights of subrogation against [TOC] and its Affiliates (to the extent that such Affiliates provide or have

provided any Alliance Participant and/or Appointee to a Party) and [TOC] Alliance Participants and/or [TOC] Appointees have been waived in circumstances where NRIL itself would not have a claim against [TOC] or its relevant Affiliates and/or the relevant [TOC] Alliance Participants and/or [TOC] Appointees;

- (l) its policy or policies of employer liability insurance will in relation to liabilities arising out of the implementation of this Agreement provide that the insurer shall not contend that the relevant policy is in excess of any other insurance policy and shall not be entitled to contribution from any other insurance held by the Parties or their Affiliates;
- (m) its policy or policies of directors' and officers' liability insurance are extended to cover liability for claims brought against its directors or officers in connection with their participation in the [TOC] Activities arising out of the implementation of this Agreement;
- (n) its policy or policies of insurance in relation to first party property damage risks contain a provision under which its insurers agree that their rights of subrogation against [TOC] and its Affiliates (to the extent that such Affiliates provide or have provided any Alliance Participant and/or Appointee to a Party) and any [TOC] Alliance Participants and/or [TOC] Appointees have been waived in circumstances where NRIL itself would not have a claim against [TOC] or its relevant Affiliates or the relevant [TOC] Alliance Participants and/or [TOC] Appointees;
- (o) its policy or policies of motor liability insurance will cover all use of vehicles for which NRIL is the registered keeper for Alliance Activities (regardless of whether such vehicles are under the control of [TOC] Alliance Participants, [TOC] Appointees, NRIL Alliance Participants or NRIL Appointees) and where the vehicle is used for Alliance Activities the insurance will be extended to cover as an additional insured [TOC], its Affiliates (to the extent that such Affiliates provide or have provided any Alliance Participant and/or Appointee to a Party) and [TOC] Alliance Participants and/or [TOC] Appointees in relation to such Alliance Activities;
- (p) its policy or policies of motor liability insurance contain a provision under which its insurers agree that cover shall apply to NRIL and [TOC]

and their respective Affiliates (to the extent that such Affiliates provide or have provided any Alliance Participant and/or Appointee to a Party), Alliance Participants and/or Appointees in the same manner and to the same extent as if individual policies had been issued to each, provided that the total liability of the Insurers to all of the insured parties collectively shall not exceed the limit of indemnity;

- (q) its policy or policies of motor liability insurance contain a provision that any act, error or omission by one insured party will not be attributed to, or invalidate the insurance of, any other insured party provided that the insured party seeking an indemnity under the relevant policy has not caused, contributed to or knowingly condoned those acts, errors or omissions; and provided that such insured party, as soon as reasonably possible on becoming aware of the same, shall give notice to the relevant insurer;
- (r) its policy or policies of motor liability insurance contain a provision that no claim by an insured party shall be defeated, prejudiced or otherwise affected by any act, omission, neglect, breach or violation of any warranty, declaration or condition on the part of any other insured party provided that the insured party seeking an indemnity under the relevant policy has not caused, contributed to or knowingly condoned those acts, omissions, neglect, breach or violation of any warranty, declaration or condition; and provided that such insured party, as soon as reasonably possible on becoming aware of the same, shall give notice to the relevant insurer;
- (s) its policy or policies of motor liability insurance contain a provision that insurers shall accept notification of claims or other matters requiring notification given by any insured party as valid notification in respect of the interest of each insured;
- (t) its policy or policies of motor liability insurance will in relation to liabilities arising out of the implementation of this Agreement provide that the insurer shall not contend that the relevant policy is in excess of any other insurance policy and shall not be entitled to contribution from any other insurance held by any insured;

- (u) its policy or policies of motor liability insurance contain a provision under which its insurers agree that their rights of subrogation against [TOC] and its Affiliates (to the extent that such Affiliates provide or have provided any Alliance Participant and/or Appointee to a Party) and [TOC] Alliance Participants and/or [TOC] Appointees have been waived in circumstances where NRIL itself would not have a claim against [TOC] or its relevant Affiliates or the relevant [TOC] Alliance Participants and/or [TOC] Appointees;
- (v) its policy or policies of insurance, other than its policies of directors' and officers' liability insurance, required to be maintained pursuant to this paragraph contain a provision under which its insurers agree that they will not be entitled to avoid or reduce any liability which they might otherwise have under the policies by virtue of an insured Party's ability to recover from the other Party under the indemnities pursuant to this Agreement;
- (w) its policy or policies of insurance, other than its policies of directors' and officers' liability insurance, required to be maintained pursuant to this paragraph where a Party is to be an additional insured provide for 30 days' prior written notice of their cancellation, intention not to renew or to amend (where such amendment would lead to a material reduction in coverage under the relevant policy relevant to the Alliance Activities to which this Agreement applies) to be given to both Parties;
- (x) its policies of insurance, other than its policies of directors' and officers' liability insurance, required to be maintained pursuant to this paragraph contain a provision that this provision has been seen and agreed to by insurers; and
- (y) its policies of insurance, other than its policies of directors' and officers' liability insurance, required to be maintained pursuant to this paragraph contain a provision that:
 - (i) the insurer will not assert that it is entitled to avoid any policy or refuse or reduce a claim by reason of the Alliance being held in whole or in part to be a partnership within the meaning of the Partnership Act 1890; and

- (ii) in the event that a claim is made against [TOC] or NRIL on the basis of the existence of a partnership within the meaning of the Partnership Act 1890, cover will apply in the same manner as it would have applied to that claim under the terms of the relevant policy had there been no actual or alleged partnership.
- (z) [TOC] shall procure that, with effect from the Alliance Commencement Date and until the termination or expiry of this Agreement:
 - (i) NRIL and NRIVs Affiliates (to the extent that such Affiliates provide or have provided any Alliance Participant and/or Appointee to a Party) are added to [TOC]'s policy or policies of third party liability insurance (and references to third party liability insurance in this paragraph shall not include any policy or policies of professional indemnity or financial loss insurance) as an additional insured to the extent of any liability of NRIL or its Affiliates (to the extent that such Affiliates provide or have provided any Alliance Participant and/or Appointee to a Party) to third parties which relates to [TOC] Activities and arises out of the implementation of this Agreement (and in particular the involvement of NRIL Alliance Participants and/or NRIL Appointees in [TOC] Activities);
 - (ii) its policy or policies of third party liability insurance are extended to cover its liability to third parties arising out of or in connection with the involvement of NRIL Alliance Participants and/or NRIL Appointees in [TOC] Activities arising out of the implementation of this Agreement;
 - (iii) its policy or policies of third party liability insurance contain a provision under which its insurers agree that their rights of subrogation against NRIL and its Affiliates (to the extent that such Affiliates provide or have provided any Alliance Participant and/or Appointee to a Party), and NRIL Alliance Participants and/or NRIL Appointee have been waived in circumstances where [TOC] itself would not have a claim against NRIL or its relevant Affiliates or the relevant NRIL Alliance Participants and/or NRIL Appointees;

- (iv) its policy or policies of third party liability insurance contain a provision under which its insurers agree that cover shall apply to NRIL and [TOC] and their Affiliates (to the extent that such Affiliates provide or have provided any Alliance Participant and/or Appointee to a Party) in the same manner and to the same extent as if individual policies had been issued to each, provided that the total liability of the Insurers to all of the insured parties collectively shall not exceed the limit of indemnity;
- (v) its policy or policies of third party liability insurance contain a provision that any act, error or omission by one insured party will not be attributed to, or invalidate the insurance of, any other insured party provided that the insured party seeking an indemnity under the relevant policy has not caused, contributed to or knowingly condoned those acts, errors or omissions; and provided that such insured party, as soon as reasonably possible on becoming aware of the same, shall give notice to the relevant insurer;
- (vi) its policy or policies of third party liability insurance contain a provision that no claim by an insured party shall be defeated, prejudiced or otherwise affected by any act, omission, neglect, breach or violation of any warranty, declaration or condition on the part of any other insured party provided that the insured party seeking an indemnity under the relevant policy has not caused, contributed to or knowingly condoned those acts or omissions, neglect, breach or violation of any warranty, declaration or condition; and provided that such insured party, as soon as reasonably possible on becoming aware of the same, shall give notice to the relevant insurer;
- (vii) its policy or policies of third party liability insurance contain a provision that insurers shall accept notification of claims or other matters requiring notification given by any insured party as valid notification in respect of the interest of each insured party;
- (viii) its policy or policies of third party liability insurance will in relation to liabilities arising out of the implementation of this Agreement provide that the insurer shall not contend that the

relevant policy is in excess of any other insurance policy and shall not be entitled to contribution from any other insurance held by an insured;

- (ix) its policy or policies of employer liability insurance are extended to cover, on a consistent basis, liability for Employment Claims:
 - A. by any [TOC] Alliance Participant which relate to injury, death, illness, disease, mental injury or mental anguish that results in a recognisable psychiatric injury suffered by such [TOC] Alliance Participant in connection with his/her participation in NRIL Activities brought against [TOC] or any Affiliate (to the extent that such Affiliate provides or has provided any Alliance Participant and/or Appointee to a Party) and other cover provided by the employers' liability policy/employers' liability section of the policy, arising out of the implementation of the Alliance Agreement; and
 - B. by any NRIL Alliance Participant (based in whole or part on the NRIL Alliance Participant alleging or it being held that [TOC] or any Affiliate owes him/her duties or obligations as an employer) which relate to injury, death, illness, disease, mental injury or mental anguish that results in a recognisable psychiatric injury suffered by such NRIL Alliance Participant in connection with his/her participation in Alliance Activities brought against [TOC] or any Affiliate (to the extent that such Affiliate provides or has provided any Alliance Participant and/or Appointee to a Party) and other cover provided by the employers' liability policy/employers' liability section of the policy, arising out of the implementation of the Alliance Agreement;
- (x) its policy or policies of employer liability insurance are extended to cover [TOC]'s liability under pursuant to this Agreement;
- (xi) its policy or policies of employer liability insurance contain a provision under which its insurers agree that their rights of subrogation against NRIL and its Affiliates (to the extent that such Affiliates provide or have provided any Alliance Participant

and/or Appointee to a Party) and NRIL Alliance Participants and/or NRIL Appointees have been waived in circumstances where [TOC] itself would not have a claim against NRIL or its relevant Affiliates and/or the relevant NRIL Alliance Participants and/or NRIL Appointees;

- (xii) its policy or policies of employer liability insurance will in relation to liabilities arising out of the implementation of this Agreement provide that the insurer shall not contend that the relevant policy is in excess of any other insurance policy and shall not be entitled to contribution from any other insurance held by the Parties or their Affiliates;
- (xiii) its policy or policies of directors' and officers' liability insurance are extended to cover liability for claims brought against its directors or officers in connection with their participation in the NRIL Activities arising out of the implementation of this Agreement;
- (xiv) its policy or policies of insurance in relation to first party property damage risks contain a provision under which its insurers agree that their rights of subrogation against NRIL and its Affiliates (to the extent that such Affiliates provide or have provided any Alliance Participant and/or Appointee to a Party) and any NRIL Alliance Participants and/or NRIL Appointees have been waived in circumstances where [TOC] itself would not have a claim against NRIL or its relevant Affiliates or the relevant NRIL Alliance Participants and/or NRIL Appointees;
- (xv) its policy or policies of motor liability insurance will cover all use of vehicles for which [TOC] is the registered keeper for Alliance Activities (regardless of whether such vehicles are under the control of [TOC] Alliance Participants, [TOC] Appointees, NRIL Alliance Participants or NRIL Appointees) and where the vehicle is used for Alliance Activities the insurance will be extended to cover as an additional insured NRIL, its Affiliates (to the extent that such Affiliates provide or have provided any Alliance Participant and/or Appointee to a Party) and NRIL Alliance

Participants and/or NRIL Appointees in relation to such Alliance Activities;

- (xvi) its policy or policies of motor liability insurance contain a provision under which its insurers agree that cover shall apply to NRIL and [TOC] and their respective Affiliates (to the extent that such Affiliates provide or have provided any Alliance Participant and/or Appointee to a Party), Alliance Participants and/or Appointees in the same manner and to the same extent as if individual policies had been issued to each, provided that the total liability of the Insurers to all of the insured parties collectively shall not exceed the limit of indemnity;
- (xvii) its policy or policies of motor liability insurance contain a provision that any act, error or omission by one insured party will not be attributed to, or invalidate the insurance of, any other insured party provided that the insured party seeking an indemnity under the relevant policy has not caused, contributed to or knowingly condoned those acts, errors or omissions; and provided that such insured party, as soon as reasonably possible on becoming aware of the same, shall give notice to the relevant insurer;
- (xviii) its policy or policies of motor liability insurance contain a provision that no claim by an insured party shall be defeated, prejudiced or otherwise affected by any act, omission, neglect, breach or violation of any warranty, declaration or condition on the part of any other insured party, provided that the insured party seeking an indemnity under the relevant policy has not caused, contributed to or knowingly condoned those acts, omissions, neglect, breach or violation of any warranty, declaration or condition; and provided that such insured party, as soon as reasonably possible on becoming aware of the same, shall give notice to the relevant insurer;
- (xix) its policy or policies of motor liability insurance contain a provision that insurers shall accept notification of claims or other matters requiring notification given by any insured party as valid notification in respect of the interest of each insured;

- (xx) its policy or policies of motor liability insurance will in relation to liabilities arising out of the implementation of this Agreement provide that the insurer shall not contend that the relevant policy is in excess of any other insurance policy and shall not be entitled to contribution from any other insurance held by any insured;
- (xxi) its policy or policies of motor liability insurance contain a provision under which its insurers agree that their rights of subrogation against NRIL and its Affiliates (to the extent that such Affiliates provide or have provided any Alliance Participant and/or Appointee to a Party) and NRIL Alliance Participants and/or NRIL Appointees have been waived in circumstances where [TOC] itself would not have a claim against NRIL or its relevant Affiliates or the relevant NRIL Alliance Participants and/or NRIL Appointees;
- (xxii) its policy or policies of insurance, other than its policies of directors' and officers' liability insurance, required to be maintained pursuant to this paragraph contain a provision under which its insurers agree that they will not be entitled to avoid or reduce any liability which they might otherwise have under the policies by virtue of an insured Party's ability to recover from the other Party under the indemnities pursuant to this Agreement;
- (xxiii) its policy or policies of insurance, other than its policies of directors' and officers' liability insurance, required to be maintained pursuant to paragraph where a Party is to be an additional insured provide for 30 days' prior written notice of their cancellation, intention not to renew or to amend (where such amendment would lead to a material reduction in coverage under the relevant policy relevant to the Alliance Activities to which this Agreement applies) to be given to both Parties;
- (xxiv) its policies of insurance, other than its policies of directors' and officers' liability insurance, required to be maintained pursuant to this paragraph contain a provision that this Schedule Part 3 has been seen and agreed to by insurers; and

(xxv) its policies of insurance, other than its policies of directors' and officers' liability insurance, required to be maintained pursuant to this paragraph contain a provision that:

- A. the insurer will not assert that it is entitled to avoid any policy or refuse or reduce a claim by reason of the Alliance being held in whole or in part to be a partnership within the meaning of the Partnership Act 1890; and
- B. in the event that a claim is made against [TOC] or NRIL on the basis of the existence of a partnership within the meaning of the Partnership Act 1890, cover will apply in the same manner as it would have applied to that claim under the terms of the relevant policy had there been no actual or alleged partnership.

(aa) Each Party shall:

- (i) where the other Party is or becomes an additional insured party on the first Party's policy or policies of insurance, provide the other Party with a copy of such policy or policies of insurance on the Alliance Commencement Date and following the renewal or amendment of each such policy or policies of insurance and such receiving Party may in turn copy the same to such of its Affiliates as are intended to be covered by such policy provided that the recipient Party shall and shall procure that its Affiliates will only use such policy or policies of insurance for purpose of this Agreement and shall not be disclosed to any person other than an Affiliate intended to be covered by such policy of insurance; and
- (ii) prior to the Alliance Commencement Date and following the renewal or amendment of any policy or policies of insurance required to be maintained pursuant to this paragraph, where requested by the other Party and in any event within five (5) Business Days of a written demand from the other Party provide documentary evidence that such policies of insurance are fully maintained and that any premiums on them and/or contributions in respect of them (if any) are fully paid.

- (bb) The Parties shall monitor the operation of the Alliance, any change to the implementation of the Business Plan and any amendments to this Agreement with a view to identifying whether any of them affects or is capable of affecting the requirements of this Agreement in relation to insurance or the policies of insurance which are required to be maintained by the Parties pursuant to this Schedule Part 3 or the nature or degree of risk to which any policy of insurance which protects either of the Parties may be or become exposed as a result of either the scope or operation of the Alliance pursuant to this Agreement or any proposed change to such scope or operation. The Parties shall liaise with their respective insurers regularly (and not less than once every 3 months after the Alliance Commencement Date, except to the extent otherwise agreed with their respective insurers) to inform and update them about the operation of the provisions of this Schedule Part 3 and the policies of insurance required to be maintained under it and to confirm whether they remain appropriate in the context of the Alliance as it develops. Where such liaison suggests that amendments to this Agreement are required, the Parties shall seek to agree appropriate amendments.
- (cc) Reference in this Schedule Part 3 to any policy of insurance or any insurance cover of a Party maintained or renewed by that Party (or similar phrase) extends not only to a policy solely in the name of that Party but also to any policy which that Party shares with any of its Affiliates and to any policy effected by any of its Affiliates or by any group of which that Party is a member provided that such Party itself normally looks to or relies on such policy for cover and references to the insurers of a Party shall extend to the insurers under any such policy.

1.5. Hold Harmless Indemnities

1.5.1. NRIL shall indemnify and hold harmless [TOC] against all Losses, including Losses incurred by its Affiliates (to the extent they result from the provision by such Affiliates of any Alliance Participant and/or Appointee to a Party) and Alliance Participants and/or Appointees arising:

- (a) from claims (other than Employment Claims to the extent that they fall within the scope of the indemnities provided and brought against [TOC] or any of its Affiliates (to the extent that such Affiliates provide or have provided any Alliance Participant and/or Appointee to a Party) by third

parties (which for the avoidance of doubt shall mean claims brought by a person other than one of the Parties) which result from NRIL Activities and which arise out of the implementation of this Agreement (and in particular the involvement of [TOC] Alliance Participants and/or [TOC] Appointees in NRIL Activities), but only to the extent that the relevant Losses have not been recovered by [TOC] or the relevant Affiliate, Alliance Participant and/or Appointee (having used all reasonable endeavours to do so) from insurers under a policy of insurance maintained pursuant to this Agreement;

(b) from Employment Claims brought against [TOC] or any of its Affiliates (to the extent that such Affiliates provide or have provided any Alliance Participant and/or Appointee to a Party) by a NRIL Alliance Participant which relate to injury, death, illness, disease, mental injury or mental anguish that results in a recognisable psychiatric injury suffered by such NRIL Alliance Participant to the extent resulting from NRIL Activities and which arise out of the implementation of this Agreement (and in particular the involvement of [TOC] Alliance Participants and/or [TOC] Appointees in NRIL Activities);

(c) subject and without prejudice to paragraphs 13 (Transferor Indemnities) and 14 (Transferee Indemnities) of Schedule Part 6, from Employment Claims brought against [TOC] or any of its Affiliates (to the extent that such Affiliates provide or have provided any Alliance Participant and/or Appointee to a Party) by NRIL Alliance Participants which do not relate to injury, death, illness, disease, mental injury or mental anguish that results in a recognisable psychiatric injury suffered by such NRIL Alliance Participant and which arise out of and which arise out of the implementation of this Agreement (and in particular the involvement of NRIL Alliance Participants and/or NRIL Appointees in [TOC] Activities and/or [TOC] Alliance Participants and/or [TOC] Appointees in NRIL Activities), but only to the extent that the relevant Losses are not recovered by [TOC] or the relevant Affiliate (having used all reasonable endeavours to do so) from insurers under a policy of insurance maintained pursuant to Schedule Part 3; and

(d) from claims brought by NRIL or by any of its Affiliates (to the extent that such Affiliates provide or have provided any Alliance Participant

and/or Appointee to a Party) against [TOC] or any of its Affiliates (to the extent that such Affiliates provide or have provided any Alliance Participant and/or Appointee to a Party) and/or against [TOC] Alliance Participants and/or [TOC] Appointees where such claims are excluded.

1.5.2. [TOC] shall indemnify and hold harmless NRIL, against all Losses, including Losses incurred by its Affiliates (to the extent they result from the provision by such Affiliates of any Alliance Participant and/or Appointee to a Party) and, in relation only to Losses arising from a breach by [TOC], Alliance Participants and/or Appointees, arising:

- (a) from claims (other than Employment Claims brought against NRIL or any of its Affiliates (to the extent that such Affiliates provide or have provided any Alliance Participant and/or Appointee to a Party) by third parties (which for the avoidance of doubt shall mean claims brought by a person other than one of the Parties) which result from [TOC] Activities and which arise out of the implementation of this Agreement (and in particular the involvement of NRIL Alliance Participants and/or NRIL Appointees in [TOC] Activities), but only to the extent that the relevant Losses have not been recovered by NRIL or the relevant Affiliate, Alliance Participant and/or Appointee (having used all reasonable endeavours to do so) from insurers under a policy of insurance maintained pursuant to Schedule Part 3;
- (b) from Employment Claims brought against NRIL or any of its Affiliates (to the extent that such Affiliates provide or have provided any Alliance Participant and/or Appointee to a Party) by an [TOC] Alliance Participant which relate to injury, death, illness, disease, mental injury or mental anguish that results in a recognisable psychiatric injury suffered by such [TOC] Alliance Participant to the extent resulting from [TOC] Activities and which arise out of the implementation of this Agreement (and in particular the involvement of NRIL Alliance Participants in [TOC] Activities);
- (c) subject and without prejudice to paragraphs 13 (Transferor Indemnities) and 14 (Transferee Indemnities) of Schedule Part 6, from Employment Claims brought against NRIL or any of its Affiliates (to the extent that such Affiliates provide or have provided any Alliance Participant and/or Appointee to a Party) by [TOC] Alliance Participants which do not relate

to injury, death, illness, disease, mental injury or mental anguish that results in a recognisable psychiatric injury suffered by such [TOC] Alliance Participant and which arise out of the implementation of this Agreement (and in particular the involvement of [TOC] Alliance Participants and/or [TOC] Appointees in NRIL Activities and/or NRIL Alliance Participants and/or NRIL Appointees in [TOC] Activities), but only to the extent that the relevant Losses are not recovered by NRIL or the relevant Affiliate (having used all reasonable endeavours to do so) from insurers under a policy of insurance maintained pursuant to Schedule Part 3; and

- (d) from claims brought by [TOC] or by any of its Affiliates (to the extent that such Affiliates provide or have provided any Alliance Participant and/or Appointee to a Party) against NRIL or any of its Affiliates (to the extent that such Affiliates provide or have provided any Alliance Participant and/or Appointee to a Party) and/or against NRIL Alliance Participants and/or NRIL Appointees where such claims are excluded.

1.5.3. For the avoidance of doubt, the indemnities set out shall not apply to:

- (a) any Losses accruing either entirely before the Alliance Commencement Date or entirely after the expiry or termination of the Agreement; or
- (b) the proportion of any Losses accruing in respect of the period before the Alliance Commencement Date or after the expiry or termination of the Agreement.

1.5.4. Where a Party is entitled to be indemnified against Losses of its Affiliate, Alliance Participant and/or Appointee under this paragraph, that Party shall have a corresponding obligation to indemnify such Affiliate, Alliance Participant and/or Appointee (as the case may be) in respect of such Losses on the same terms mutatis mutandis immediately following receipt of the relevant amounts from the indemnifying Party.

1.6. No Unintended Relationship

1.6.1. If a third party asserts to either or both of the Parties that the Alliance (or any part of it) is a partnership within the meaning of the Partnership Act 1890 (Unintended Relationship), whether in connection with formal proceedings against that Party or the Parties or otherwise, the Party to whom the assertion has been made shall

promptly notify the other Party in writing (save where the assertion has been made to both of the Parties) and each Party undertakes to the other party to take all reasonable steps to challenge such assertion.

1.6.2. If it is lawfully held by a court or other Competent Authority that the Alliance (or any part of it) is an Unintended Relationship, in order to eliminate or mitigate, as between the Parties, the legal and financial consequences of the Unintended Relationship:

- (a) NRIL shall indemnify and hold harmless [TOC] (and any Affiliate of [TOC]) against any and all Losses to the extent arising out of:
 - (i) any claim made against [TOC] by a third party for which but for the Unintended Relationship [TOC] would not be liable; and
 - (ii) any claim made against [TOC] by NRIL for which but for the Unintended Relationship [TOC] would not be liable; and
 - (iii) any sanctions imposed by the Pensions Regulator under sections 38 to 47 of the Pensions Act 2004 in relation to the NRIL Section or any other defined benefit pension scheme operated by NRIL or any company which is associated or connected with NRIL and which arise as a result of an Unintended Relationship.
- (b) [TOC] shall indemnify and hold harmless NRIL (and any Affiliate of NRIL) against any and all Losses to the extent arising out of:
 - (i) any claim made against NRIL by a third party for which but for the Unintended Relationship NRIL would not be liable; and
 - (ii) any claim made against NRIL by [TOC] for which but for the Unintended Relationship NRIL would not be liable; and
 - (iii) any sanctions imposed by the Pensions Regulator under sections 38 to 47 of the Pensions Act 2004 in relation to the [TOC] Section or any other defined benefit pension scheme operated by [TOC] or any company which is associated or connected with [TOC] and which arise as a result of an Unintended Relationship.
- (c) if and to the extent that the Alliance (or any part of it) is treated as an Unintended Relationship for Taxation purposes (it being acknowledged

that (x) HMRC has confirmed to the Parties that it will not seek to treat the Alliance as an Unintended Relationship and (y) the Parties' intention is that the tax consequences that would arise to them if there is an Unintended Relationship should be no different to the tax consequences that would arise to them in the absence of an Unintended Relationship) the Parties agree that:

- (i) the profit shares, entitlement to losses and entitlement to Taxation reliefs and allowances (including, for the avoidance of doubt, capital allowances) arising to each as a partner in respect of the relevant Alliance Activities, and the net VAT position of each (as to which, see sub clause (E) below), shall be such, and shall be deemed to be such, as would result in each of the Parties being taxed in a manner as far as possible equivalent to the position that would have pertained if it were not for the Unintended Relationship;
- (ii) the Parties shall cooperate and each Party shall provide such support and assistance as is reasonably requested by the other Party to carry out any legally required actions regarding Taxation in respect of the Alliance arising as a result of the Unintended Relationship, including filing partnership Taxation returns or applying for an Alliance VAT Registration, and ensuring that the Alliance complies with any other applicable Law in relation to VAT (including accounting for any VAT due);
- (iii) the Parties shall cooperate to procure that the liability to Taxation (including VAT) of each Party in respect of the Alliance, remain as far as possible equivalent to the position that would have pertained if it were not for the Unintended Relationship;
- (iv) if any Taxation interest or penalties arise as a result of a failure to
 - (i) comply with any laws relating to VAT in connection with (x) an Alliance VAT Registration being required or (y) any supplies being treated for VAT purposes by HMRC as Alliance Supplies or make any legally required Taxation filings on behalf of the Alliance as a partnership, the Parties shall take all steps as are practicable so as to ensure that (to the maximum extent permitted

by Law) each Party bears an equal share of such interest and penalties; and (v) if it is determined by HMRC that:

- A. an Alliance VAT Registration is or was required, and
- B. an obligation to account for output tax, or an entitlement to credit for input tax, has arisen to that Alliance VAT Registration in respect of supplies made or received by that Alliance VAT Registration (Alliance Supplies),

then the Parties agree to (x) make such adjustments (including payments between themselves, if necessary) and (y) to share the economic burden and benefit of the obligations and entitlements referred to above, in each case in such a manner between themselves as will (so far as possible) result in each of the Parties being in a net VAT position equivalent to the position that would have pertained if it were not for such determination.

For the avoidance of doubt, nothing in this paragraph shall require either Party to recalculate, adjust or unwind any payments made or due under Schedule Part 5 (Costs and Revenues), or to compute on a different basis any payments that subsequently become payable under Schedule Part 5 (Costs and Revenues).

1.6.3. For the avoidance of doubt, in any event (whether or not the Alliance (or any part of it) is treated as an Unintended Relationship for Taxation purposes), any reliefs, rebates, refunds or credits of or in respect of Taxation arising other than as a result of, or in respect of, Alliance Activities shall be retained by the Party to whom they are paid or given by HMRC, without adjustment or reallocation, unless otherwise agreed by the Parties.

1.6.4. In this section:

- (a) Alliance VAT Registration means a separate VAT registration in respect of the Alliance (or any part of it) (whether a registration of the Parties carrying on a business in partnership (in the name of the Alliance or otherwise), or a registration in respect of the Alliance (or any part of it) by virtue of some other relationship or arrangement between the Parties that does not constitute a partnership under the Partnership Act 1890; and

- (b) in respect of VAT only, the term Unintended Relationship shall include, as well as a partnership within the meaning of the Partnership Act 1890, any other relationship or arrangement between the Parties that does not constitute a partnership within the meaning of the Partnership Act 1890 but which nevertheless requires that an Alliance VAT Registration be made.

- 1.6.5. Any reference to a claim shall not include any claim in respect of Tax brought by a Tax Authority.

1.7. Maximum Financial Exposure

- 1.7.1. The Parties agree that their maximum net financial exposure as a result of entering into the arrangements set out in this Agreement will be capped at
- 1.7.2. ([20,000,000] [twenty million pounds]) in accordance with the following provisions of this paragraph 1.6. [Detail of extent of committed exposure to be developed with bidders]

1.8. General Provisions on Liability

- 1.8.1. Where either Party is required to make payment to the other Party pursuant to an indemnity set out in this Agreement, the Parties may agree that such payment shall not be made on the grounds and to the extent that its payment and receipt would be neutralised by payments made in accordance with Schedule Part 5.
- 1.8.2. Neither Party shall be liable to the other Party for any punitive, indirect or consequential loss or for any loss of profits, income, business opportunities or anticipated savings (whether direct or indirect) (whether suffered by the other Party, its Affiliates, Alliance Participants and/or Appointees) arising out of or in connection with this Agreement (including any breach of this Agreement) (but, for the avoidance of doubt, this paragraph) is not intended to affect the position applying in relation to other contracts between the Parties or in relation to non-contractual claims which arise other than out of or in connection with this Agreement or breach of this Agreement).
- 1.8.3. Neither Party shall be entitled to recover or otherwise obtain reimbursement or restitution more than once in respect of the same Losses (including for the avoidance of doubt through the operation of Schedule Part 5 and/or an indemnity in this Agreement).

- 1.8.4. Neither Party shall be liable for Losses arising from breach of any warranty, representation, indemnity, covenant or undertaking in connection with this Agreement except where it is expressly set out in this Agreement. Each Party confirms that it has not relied upon or been induced to enter into this Agreement by any warranty, representation, indemnity, covenant or undertaking given by any person which is not expressly contained in this Agreement.
- 1.8.5. Nothing in this Agreement shall be deemed to relieve either Party or any relevant Affiliate from its common law duty to mitigate Losses.
- 1.8.6. Nothing in this Agreement shall have the effect of limiting any person's right, remedy or liability to the extent arising from fraud or otherwise prohibited by Law.
- 1.8.7. Without prejudice to the operation of Schedule Part 5, nothing in this Agreement shall affect the application as between the parties of the provisions of CAHA which relate to liability for small claims equal to or below the Threshold (as defined in CAHA).
- 1.8.8. The provisions of this Schedule Part 3 are without prejudice to the reallocation of gain or pain between the Parties pursuant to Schedule Part 5.

1.9. Conduct of Claims

- 1.9.1. The Parties acknowledge and agree that CAHA will continue to govern the handling of any and all claims to which it applies in accordance with its terms and that the subsequent provisions of this paragraph shall only apply to claims which are not governed by CAHA.
- 1.9.2. If any proceedings are instituted by a third party (which for the avoidance of doubt shall mean a claim brought by a person other than one of the Parties) against either Party or an Affiliate, Alliance Participant or Appointee of such Party and such Party will be entitled to an indemnity which may give rise to a claim under such indemnity (Relevant Proceedings), the Protected Party shall as soon as reasonably practicable give notice of the Relevant Proceedings in writing to the Party against whom a claim under the indemnity may be brought (Protecting Party).
- 1.9.3. To the extent practicable, and subject to any obligations the Parties have to Insurers, the Protecting Party shall have the option, subject to giving to the

Protected Party such indemnities as the Protected Party may reasonably require, to assume the defence of the Relevant Proceedings, including the instruction of legal advisers reasonably satisfactory to the Protected Party to represent the Protected Party and any others which the Protecting Party may designate in such Relevant Proceedings and the Protecting Party shall indemnify the Protected Party in respect of the fees and disbursements of such legal advisers related to such Relevant Proceedings.

- 1.9.4. In any event and subject to the obligations the Parties may have to Insurers, the Protected Party will:
 - (a) consult with the Protecting Party as to legal representation;
 - (b) update the Protecting Party regularly in relation to the Relevant Proceedings, provide to the Protecting Party all information that it may reasonably require and allow the Protecting Party to comment on key documents and submissions, and take reasonable account of such comments; and
 - (c) co-operate with the Protecting Party in relation to the management and conduct of the Relevant Proceedings.
- 1.9.5. In any Relevant Proceedings the Protected Party shall, subject to any obligations it may have to insurers, have the right to retain its own legal advisers, but the fees and expenses of such legal advisers shall be at the expense of such Protected Party unless:
 - (a) the Protecting Party and the Protected Party have mutually agreed to the retention of such legal advisers and the sharing of the relevant fees and expenses; or
 - (b) the named parties to any such Relevant Proceedings (including any added parties) include both the Protecting Party and the Protected Party and representation of both parties by the same legal advisers would be inappropriate due to actual or potential differing interests between them.
- 1.9.6. The Protecting Party shall not be liable for any settlement of any Relevant Proceedings effected without its written consent (such consent not to be unreasonably withheld or delayed) where it has not assumed the defence of such Relevant Proceedings but, if such Relevant Proceedings are settled with such

consent or if there is a Final Judgment for the claimant, the Protecting Party agrees to indemnify the Protected Party on the terms of the relevant indemnity.

- 1.9.7. If the Protecting Party does not exercise the option contained above the Protected Party shall, if so required by the Protecting Party, maintain consultation with the Protecting Party on all aspects of the Relevant Proceedings and shall provide the Protecting Party with all information reasonably requested by it in relation to such Relevant Proceedings.
- 1.9.8. If the Protecting Party exercises the option above it shall thereafter, if so required by the Protected Party, maintain consultation with the Protected Party on all aspects of the Relevant Proceedings and shall provide the Protected Party with all information reasonably requested by it in relation to such Relevant Proceedings.