

**E
X
E
C
U
T
I
V
E
D
I
C
O
N
T
R
A
C
T**



DATED

1 JUNE 2012

(1) the Scottish Ministers

- and -

(2) Serco Ltd

**VOLUME 2
CONTRACT SCHEDULES 2-17
relating to
NORTHERN ISLES FERRY SERVICE
PROVISION OF SERVICES**

**PART 3
SCH 7 - 9**

TS/FER/SER/2011/02



Cover picture by John Coutts and reproduced with the permission of the Lerwick Port Authority

CONTENTS

SCHEDULE 7 - MARKETING PLAN 209

SCHEDULE 8 - HEALTH AND SAFETY PLAN 228

SCHEDULE 9 - ENVIRONMENTAL MANAGEMENT PLAN 238

THIS PAGE IS BLANK

These are Schedules referred to in the Foregoing Contract between The Scottish Ministers and Serco Ltd

SCHEDULE 7 - MARKETING PLAN

The Marketing Plan must be developed in accordance with Clause 8.

The Operator must comply with the following Marketing Plan:

Serco's Marketing Plan comprises two sections:

Section 1. Passengers

Section 2. Freight.

Section 1 - Marketing Proposal (passengers)

1.1. Summary of our Proposal

Serco believes there is significant latent potential to grow revenue profitably based on our analysis and research. Serco Northlink Ferries (SNF) marketing plan works in synergy with the overall Customer Experience approach and the following revenue development plans:

- Fares and yield management
- Hotel & Catering Services
- On board services

It complements our wider Customer Care bid plans as shown in the figure below:

These plans are mutually reinforcing and overlapping and together they create a comprehensive and cohesive revenue development plan for the Northern Isles ferry services.

Through our marketing plan, we will:

- Obtain the maximum yield for every ticket sold, whilst still achieving the perception of value, fairness and service from the customer and stakeholders
- Drive volume as high as possible within operating constraints and fill spare capacity
- Optimise spend per head / profit per head for every passenger on board, again whilst still achieving the perception of value, fairness and service
- Deliver all the above at the lowest sensible cost to operate, with optimal efficiency and minimal waste
- Leverage positive partnership working to generate benefits for customers, SNF, the island communities and our partner organisations.

1.2 Branding

The NorthLink Brand

As the current associations with the NorthLink brand are generally positive and given that the logo is used prolifically on capital items and consumables, the costs to change the name and logo are not outweighed by the potential benefits of doing so. Retaining the brand will also

support a seamless transition from the perspective of customers and stakeholders and we will develop the brand to grow both customer loyalty and the attractiveness of SNF to existing and new customers. Our proposal is therefore to retain the current NorthLink name and visual identity.

1.3 Our Passenger Marketing proposal

Based on our research and analysis, we will improve marketing effectiveness by:

- Improved use of web, digital and social media and smart phone technology to reach customers in a more accessible and contemporary way, whilst simultaneously reducing expenditure on print and being smarter with our investment in TV advertising
- Improved buying power through Serco's procurement system and therefore ability to negotiate better print and media discounts whilst still supporting local businesses in Scotland.

We have well established tools and techniques to ensure that promotional activity generates a minimum of a 2:1 return on marketing spend – the numbers achieved can often be substantially higher for our most successful campaigns. Therefore, we will design our growth marketing activity so that it demonstrably generates a positive return on investment.

1.3.1 Website

The increasing importance of the internet and digital media is well documented, and it is important that the SNF website is fully enabled to evolve with contemporary customer requirements and expectations. Websites have the potential to support an organisation's marketing activities in a number of areas. The NorthLink website should ideally be a key enabler for the whole business.

Our customers will be able to utilise a simpler interface that will provide them with improved information and better access to a simpler fares booking system. As well as improving customer service, this will also reduce our cost of sale. We will build a complementary 'self-service' booking facility as an option for regular freight clients.

We will replace the existing website on start-up in July 2012 so that the current offer and functionality are maintained. However, we will continue to develop it back-of-house so that in January 2013 we will launch a newly improved website, as described in the following section.

Website development

SNF will improve its connection with existing and new customers through improved on-demand accessibility to our services, We will invest in a newly improved, smartphone-enabled website, plus additional investment in a supporting 'app' In addition to improving customer accessibility, this will ensure that SNF is able to leverage potential for positive brand positioning and revenue growth from digital media channels, and will generate a positive return on our investment whilst substantially improving the customer experience. The new website will launch in January 2013 and will underpin the key foundations of our overarching service proposition, enabling revenue growth by:

- Improving customer accessibility to information and booking on our services through convenient on-demand media
- Generating commission and customer satisfaction by providing the facility for customers to purchase pre and post journey items via the website – e.g. cycle hire, excursions, hotels

- Supporting our customer experience and marketing strategy by being fully integrated with our Customer Relationship Management (CRM) system so that we can provide information, promotions and offers that are targeted to customers
- Linking in with our social media communication activities
- Providing regular updates, news and PR on our progress and achievements, including an online media centre so that journalists have ready access to images, information and statistics
- Building our reputation by promoting our commitment to the environment and to the communities we serve
- Hosting a proactive community engagement forum and communication mechanic
- Creating overall transparency of our operational performance and satisfaction results
- Promoting the business to attract and facilitate the recruitment of high-calibre employees that will play their role in delivering Serco's vision and mission and overarching service proposition for SNF

The new website will also reduce costs by:

- Providing excellent information and the ability for customers to engage in 'self-service' (e.g. amending bookings, 'virtual assistant', 'Chatterbox') meaning that call centre and staffing charges are reduced
- Facilitating highly targeted marketing through the CRM system and online brochures, meaning that marketing print and distribution costs can be reduced and spend wastage minimised
- Enabling e-news and access for a widespread community and potentially worldwide tourist market in a cost-effective way
- Providing a cost-effective recruitment channel

In addition to the website development described above, we will also bring the business up-to-date from a social media perspective and ensure that SNF has an active participation on Twitter, LinkedIn and Facebook..” We will encourage positive feedback and ratings through sites such as TripAdvisor and facilitate the growing trend for location service usage on mobile phones and prepare also to engage with our customers through the next generation of more user-centric social media developments such as Google+ which is growing fast.

1.3.2 Arrangements to show transparently the Services and charges applicable (including the range of media to be deployed and their contribution to the whole picture)

All timetables and fares will be displayed transparently on the website and also in our printed timetable and brochure materials. We will also make prices and timetables available by poster displays on vessels and at terminals.

As we develop our new website and SNF app, which we aim to launch in January 2013, we will also build in a facility for customers to easily locate the best deals, enabling us not only to present customers with the most appropriate offer for them, but also to fill spare capacity and manage

demand more effectively. More detailed information on our proposals for yield management can be found in the Fares Plan.

1.3.3 Co-operation with complementary services provided by other service operators

SNF is committed to co-operation with other service operators.. We plan to work in partnership with bus, rail and taxi operators to deliver a much higher standard of “joined up service” to the customer, including complementary branding, information provision and up-to-date website, information displays and signage.

1.3.4 Co-ordination with route and service development by other transport operators

We will work with bus operators and local authorities to promote integrated services, bus/rail ticketing and connections. We will set up commercial deals, irrespective of ownership, building on our experience of working with Passenger Transport Executives, local councils and other transport operators, large and small. Our plans include the following actions:



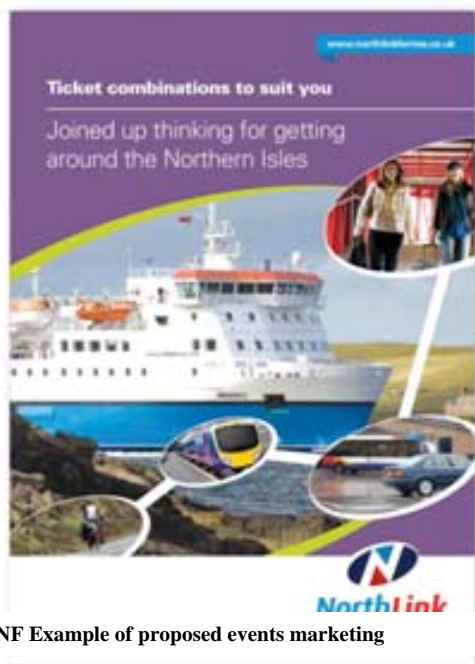
- Within Scotland we will coordinate with Transport Scotland and Scotrail in exploring how SNF could link into the nation’s smartcard scheme.
- We propose to appoint an integration “champion” within our marketing team to ensure that all our terminals and information are properly and proactively managed from a customer perspective.
- We will provide specific staff training for key customer-facing employees on wider transport availability and options, so that they are in a position to

give the very best advice to customers.

- We will publish multi-lingual information on integrated travel options for visitors in line with the language requirements of our visitors from abroad.
- Integrated travel information will be made available to customers on board vessels to facilitate onward journey planning as well as being available at the point of disembarkation.
- We will explore opportunities with partners to advance the delivery of Demand Responsive Transport where it improves integration and access to the wider transport network.
- We aspire to provide an integrated intermodal on-line Journey Planner when our new website launches in January 2013 including inter-island ferries, other mainland ferry services, rail and bus services and offering on-line sales of a range of single and multi-modal products.
- We will consult extensively and collaboratively with local government, passenger groups, and other transport operators to explore every opportunity to develop improved integrated transport in order to optimise plans for the following:

- **Through ticketing** onto existing bus, rail, taxi, and ferry services.
- **Integrated information** Our wider transport research as well as our specific Northern Isles customer research on transport integration shows that customer reassurance and information are key. Even where integrated transport is available, people either do not know about it or do not trust it to deliver. We will focus on promoting the information on line, improving way finding at terminals, and aspire to provide accurate real time information for connecting services. The objective will be to convince potential customers that a through journey is available and reliable. Our information will:

identify bus stops on local area maps
show bus prices and the add-on fares to rail tickets for local journeys
provide summaries of bus service frequencies
provide contact details for Traveline and National Rail enquiries, as well as our own internet Journey Planner and Customer Contact Centre.



- **Improved interchange at terminals** We have visited every terminal used by NorthLink and assessed each for its current condition and intermodal interchange facilities available. We have set “minimum integration standards”, and identified deficiencies particularly in intermodal interchange facilities. These plans include car parks which require improvement, including capacity, quality and the level of security provided. We have also included proposals for improved access for disabled passengers (see our Accessibility Plan), enhancements for cycle access and the quality, signage and safety of pedestrian access routes.
 - **Promotion of cycling** not only through our proactive approach to carrying bicycles on board, but also by working with local cycle hire providers and encouraging cycle hire provision at terminals
- We will seek to deliver the following features:
 1. Inclusion in local rail timetables at Aberdeen and Thurso stations and in leaflets
 2. Through fares from Aberdeen in local and national systems
 3. Times made available to national information providers, such as NRES and web based systems
 4. Real time information screens at terminals where the bus information is available, or if not at least mobile communication to the bus driver
 5. Waiting facilities at the bus end of the link
 6. Customer compensation if a booked connection is missed through SNF fault
 7. Announcements of connecting bus services on board at disembarkation
 8. Review of bus stop locations in coordination with local authorities to provide the most convenient bus transfers
 9. On board hotel staff will arrange for taxis to meet passengers upon arrival at terminals and will seek to develop our own Quality Partnerships with local taxi operators. These may cover vehicle quality, identification of hackney carriages,

customer care and provision for people with special needs or disabilities to provide a consistent approach to taxi services

1.3.5 Ticketing arrangements (including the potential for integrated ticketing with other transport operators including other ferry operators)

Improved ticketing arrangements will be an important factor in increasing patronage over the period. Better arrangements will not only provide an improved travel experience for the user by offering a more 'seamless' journey, it will also contribute to Transport Scotland's key Strategic Outcomes by improving the quality and accessibility of public transport as well as making it more inclusive to more sections of society. Serco recognises the importance of integrated ticketing and will work with all operators (ferry, as well as bus and train operators) to provide a better quality and more attractive product which will meet the needs of the islanders and visitors.

1.3.6 Ticketing arrangements to honour all tickets sold by the incumbent operator and the arrangements on termination to pass on to the successor operator all receipts from outstanding bookings)

We will work collaboratively with Transport Scotland and David MacBrayne to ensure that customers experience a seamless transition to SNF and that all tickets sold by the incumbent operator are honoured.

SNF understands we will have full access to the relevant booking information and anticipate being provided with all the data relevant to Northlink Ferries Limited for developing onto our own system.. Serco has significant IT expertise that we will use to support us in achieving a smooth transition without any negative impact on customers. We expect that the financial aspects of the transfer will be managed equitably and transparently by the incumbent under Transport Scotland's leadership and SNF commits to full transparency and a fair approach.

We will write to, or email, customers (depending on their booking method) who have booked travel for July and August to welcome them to SNF in advance and to reassure them that we look forward to seeing them for their journeys as planned.

. At the end of the contract, we commit to ensuring that the future operator of choice has access to the data needed to implement an effective transition,.

1.3.7 Arrangements to anticipate and support local events and festivities

SNF understands the importance of the Northern Isles as a key destination for local events and activities. We have met with tourism agencies on Orkney Islands and Shetland Islands and will partner in a programme to integrate fully into all such activities to support and promote them on board and via our website and marketing as well as ensuring efficient and effective transport provision. Through our Head of Marketing and Communications role, role, appointed to be SNF's representative to work hands-on with the local community, our team will also develop strong working relationships with other event organisers to ensure the success of SNF's role in both servicing these events and exploring additional event opportunities. We will feature a local events page on our new website to allow residents and organisers to promote their events for free.

1.3.8 Promotional events to optimise traffic

In addition to providing lifeline services, the Northern Isles ferries have a high level of discretionary travel and a diverse profile of customers. This demands a segmented, targeted mix of communications, products and promotions, including:

- Joint offers, including special promotions weekend and short break packages
- Discounts for on-board food

- Special leisure fare promotions
- Calendar plan to ensure that we both support and also optimise revenue opportunities from special events

We will advertise these through a wide range of communications channels:

- Website, social media and CRM
- Partner websites
- Radio
- Printed media promotions, PR and targeted advertising
- Door-drops, inserts and direct mail
- TV

The key market segments served by NorthLink are as follows:

- Leisure / tourism
- Residents
- Freight (see separate freight marketing plan)

For each target market, we will select a variety of appropriate tools and channels with our messages and promotions, sometimes using a combination of channels to generate the best approach. Our specific plans for each of these segments are outlined below.

Leisure / tourism

The greatest opportunities to achieve incremental growth will be on the low and shoulder season services that are currently undersold by NorthLink Ferries Limited. .

To grow the leisure and tourism market profitably, we will:

- Offer a range of promotional offers in conjunction with consumer print and online media in order to widen our marketing reach and maximise brand exposure at low cost
- We will build on our successful approach of working in close partnership with tourism organisations, focusing particularly on joint activity with Orkney Tourism, Shetland Tourism and Visit Scotland to run continuous joint marketing campaigns on mainland Scotland, the rest of the UK and elsewhere, encouraging both the weekend and holiday markets
- Working with partners such as thetrainline.com, Scotrail, East Coast Trains, Cross Country Trains and Superbreaks, we will develop and also retail our own range of rail inclusive short break packages, centred on the easily accessible interchange at Aberdeen harbour and station. We will offer a wide range of accommodation, onward and integrated travel options, attractions and shopping offers to facilitate and support tourism to the Northern Isles. From the end of the 2012 summer season, the increased flexibility of our booking system will allow our systems to focus on the needs of individual customers so that, at the time of booking, they are easily able to tailor their own fully integrated package to meet their needs and have full access to the website links of all our local partner organisations
- We will extend our highly successful targeted 'household drops' in key locations with easy rail access to Aberdeen to promote our breaks to the Northern Isles. These communications will comprise regular high quality print items which are customised for key population centres (i.e. with timetable, fares and promotional offers) which ensure that they are perceived as valuable information which the recipient will retain

- We will collaborate with special interest associations and publications to promote all that the Northern Isles has to offer and drive additional patronage in the growth area of activity breaks and holidays. Examples include: wildlife, diving, walking, cycling, history, music and other outdoor pursuits
- We will continue to offer a permanent range of leisure tickets which will provide significant savings for the price conscious leisure market - see our Fares plan for full details of our ticketing plans. As an example, we would like to promote inter-island ferry travel by working with Transport Scotland to develop and promote a new 'Island Hopper' package
- We will develop successful relationships with coach companies to promote SNF as a short break and coach trip destination.

Residents

Marketing to residents has somewhat different objectives. We are not seeking only to build volume, but also to reinforce customer satisfaction and loyalty and drive increased usage. Our customer research shows that a reward-based loyalty scheme could significantly increase frequency of travel amongst residents. Further market testing of the specific details of the scheme is required including prospect of a pilot, but our outline conceptual proposal for a residents' loyalty scheme would reward customers for travelling three times per year or more by providing retailer incentives or a reduced price / free fourth journeys, subject to availability. This will generate the following benefits in addition to incentivising additional journeys:

- Obtain additional customer intelligence and insightful segmentation data to develop our customer database and be able to maintain ongoing dialogue and communication with customers
- Strengthen the brand by being seen to provide additional benefits to more frequent travellers
- Potential opportunity to link with the community and partners for incentives and win/win campaigns
- Enhanced feeling of wellbeing and value for money by customers

When our new website launches in January 2013 our aspiration is for more frequent customers to be able to make their own reservations, claim automatic compensation, access limited offers and manage their own accounts on the website. We will also continue to offer and promote the current Friends and Family offer as outlined in the Fares Plan and maintain customer newsletters and e-mail updates. We will also add value with our summer and low season 'on board' magazines which will also 'cross sell' leisure travel opportunities.

1.3.9

Content Deleted

Reputation management

For our marketing plans to be successful, it is essential that we continuously protect, develop and enhance the business' overall reputation. For this reason, our plans for community engagement and communications are included here as an integral part of our marketing plan. Together, the effects of these plans are designed to achieve the following KPIs which will form internal measures of success:

A summary of the KPIs that we will use to assess our performance for each of the packages in this delivery plan is shown below. As the current performance based on each of these KPIs is not yet known, we will undertake an initial assessment immediately post mobilisation so that appropriate internal targets for continuous improvement can be set.

Stakeholder survey engagement score
Media survey engagement score > 7/10
Media equivalent advertising revenue
Media positive / negative ratios
Stakeholder event feedback
Employee engagement score (internal communications questions)

Community engagement

By 'community engagement' we mean the wide variety of relationships between SNF and the communities we will serve and become an intrinsic part of. This ranges from general communication and information sharing, to involvement and working in partnership through to the active development of community initiatives. This will contribute tangible beneficial outcomes to the people on the islands, .

Community stakeholders are numerous, diverse and are likely to have diverging agendas at times. There will also be occasions when Serco will be unable to influence services to meet all stakeholder aspirations. Our approach at all times will be to consider the costs and benefits of each stakeholder activity and ensure that a balance is achieved that works well for our client, Transport Scotland, the communities we serve and Serco.

Community engagement is of great importance to Serco as we fully appreciate the critical role that the Northern Isles ferry services have in supporting the wellbeing and economy of the islands they serve. We recognise their importance in:

- Supporting business and employment opportunities
- Encouraging sustainability of communities including tourism
- Providing access to amenities and healthcare for island communities
- Enabling the movement of freight to and from these communities

The objectives of our Community Engagement Strategy are as follows:

1. We will establish our reputation and build trust among the residents locally as an important 'lifeline' service and as a key employer
2. By engaging with the community, we will generate important feedback on the service that can lead to business improvements, leading to increased profitability and reduced subsidy (through cost efficiencies and / or revenue growth)
3. Our positive reputation will enhance that of Transport Scotland – people will see that Transport Scotland made an excellent choice in selecting Serco to run the Northern Isles ferry services
4. We will be able to capture the benefits of the enthusiasm, knowledge and commitment of the local residents, creating an extension to our innovation capabilities through collaborative working
5. To become a socially responsible member of the islands' communities we serve, recognising our critical lifeline purpose of the ferries for our communities as well as enhancing community access to essential and desirable employment, education, social and economic opportunities

Reputational and brand benefits will be generated through the community being strongly rooted in SNF's purpose. Local revenue growth will be achieved through increased attractiveness to local markets and connections with the local economy and we will generate increased revenue from partnership with tourism bodies.

Our relationships with local business groups will also lead to increased travel and therefore increased revenue.

The Northern Isles ferry services have hundreds of different stakeholders across the area, with different aspirations, needs, styles and priorities. In order to be successful in optimising our stakeholder activities, we have adapted Serco's key principles for effective stakeholder engagement and will apply them to SNF.

These principles have led to us:

- Undertaking extensive research to understand the Northern Isles' stakeholder environment
- Segmenting the stakeholder audience and prioritised them according to their influence over, and interest in the ferry services. This segmentation and prioritisation exercise will inform our engagement and communication activities / methods (ranging from one-to-one meetings to e-zines).
- Designating internal 'account managers' from appropriate areas of the business for key stakeholders, responsible for ensuring effective two way communication and engagement with their stakeholder colleagues at all times.
- Introducing a Head of Marketing and Communications role, into our organisation structure. This is a dedicated resource for stakeholder interface, whose role is not only to collaborate and communicate with stakeholder colleagues, but also to ensure that the intelligence received on issues and opportunities is fed back into our business for effective action.
- We will produce a rolling calendar of stakeholder events and activities – e.g. feedback sessions, roadshows – that are an integral part of our overall communications plan.
- We will actively support local stakeholder aspirations wherever we can, especially where we have shared objectives. An example is Orkney 2020 (Orkney's Community Plan, 2007 to 2020), which sets out a shared vision for the Orkney Islands. The plan's vision and mission state:

“to ensure that local organisations work together and with communities to improve the quality of people's lives, provide better services, and create a shared vision for the future to which we can all subscribe”

This is closely aligned to our own SNF vision and we will proactively seek to join in synergy and partnership to achieve these aspirations. The plans for economic sustainability and development are highly dependent on good quality internal and external links.

We will also seek to actively support the Shetland Islands Corporate Plan for 2012 and beyond. Some of the proposals we have to support the specific economic objectives in the plan include:

- Improving the wifi / broadband availability for customers on board
- Sponsoring a higher education student / lecture series regarding the development of renewable energy sources

- Introducing our own sustainable practices and products (see our Environment Plan)
- Promoting the Shetland Isles as a destination to support economic sustainability

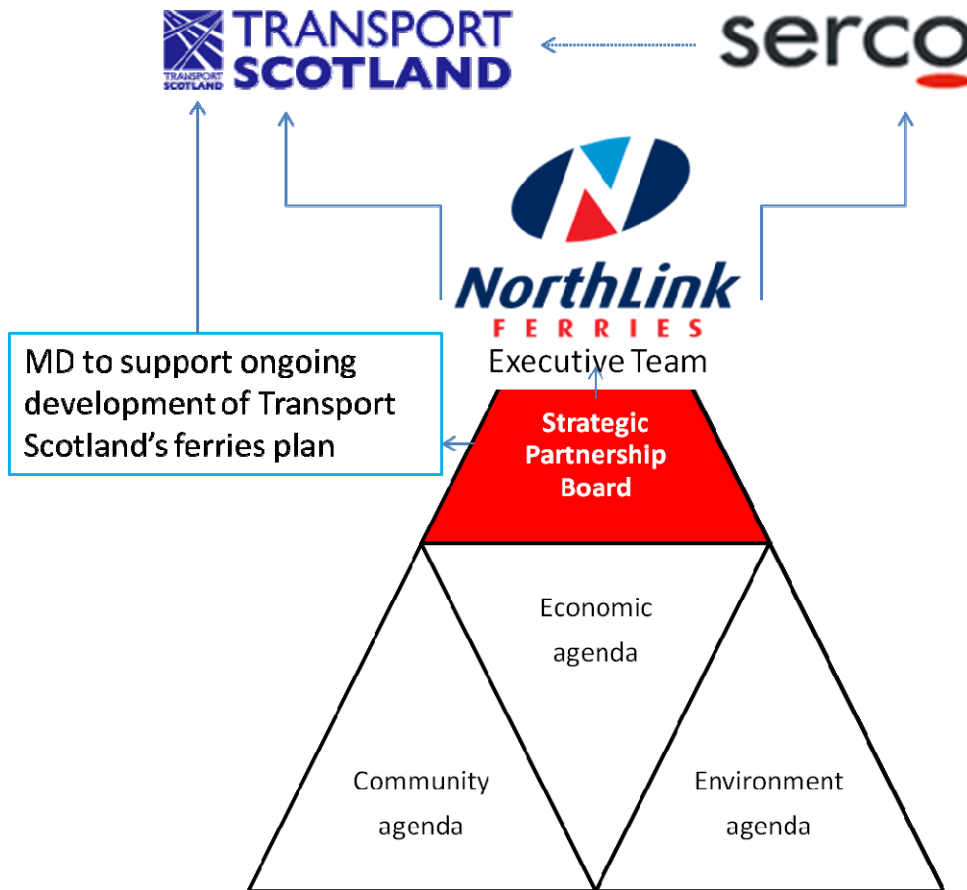
It is also important to SNF and our brand values that we demonstrate that we are both supportive of and participative in local communities, also that we are a responsible, proactive, progressive and positive business, making our services attractive to the communities we serve. Our customer-facing staff will be the ambassadors of SNF at a local level and bring the brand values to life on every crossing. As stated above, we will connect with and support relevant local events, creating a special area for local people to promote these on our new website and be able to optimise local opportunities. SNF staff will become ambassadors for the islands in our external facing relationships and through our customer service strategy.

Any significant changes to service provision, will be through consultation with our stakeholders as appropriate and we recognise Transport Scotland's commitments to do so also. Sometimes, it may not always be possible to implement everyone's ideas and aspirations. When we are not able to do so, our approach will be to explain honestly and clearly why we have not followed that course of action to the stakeholder(s) concerned and ensure that the relationship is kept positive for future dialogue on other issues.

Other actions we will take include:

- Developing a Charity policy with clear parameters on how to apply and what the criteria is for awards to be made. We will develop this in consultation with our employees.
- We will consider part-time / volunteer Schools Ambassadors to support our community engagement agenda by connecting with young people locally, potentially also launching a vessel adoption scheme, enabling schools, youth groups or organisations to get involved with their local ferry and learn more about the maritime environment. This helps to put the services at the heart of the community and engage future generations, promotes ferry travel to local people and can assist with recruitment later. Importantly, we will work with the schools to use ferries to bring the curriculum to life for a range of subjects – such as connecting timetables to maths, customer communications to English language on the 'Curriculum for Excellence' theme.
- Introducing two part-time Community ambassadors, one each for the Orkney Islands and the Shetland Isles. These will be SNF employees who are representative of the community and/or have an interest in community outreach and development. The Community Ambassador role will involve each member of staff developing relationships with community organisations such as local council authorities, senior citizens' services, culturally and linguistically diverse organisations, disability groups and community settlement services. Through communication with these groups, we will gain an understanding of community perceptions in regards to using SNF's services and then decide upon any relevant strategies and initiatives to address any issues.

To demonstrate that we are sincerely committed to genuine community engagement, we will introduce a Strategic Partnership Board. The role of the Strategic Partnership Board will ensure that the business' objectives and practices are in alignment with the aspirations of our key stakeholders in the Orkney Islands and Shetland Islands with regard to the community, environment and local economy. The Strategic Partnership Board will directly influence decision-making by our SNF Executive Team, and indirectly that of Serco from the perspective of contract supplier and Transport Scotland as the contract client. This is shown at a high-level in the following figure:



Influencing structure of the Strategic Partnership Board:

The aims and aspirations that we have for the Strategic Partnership Board are as follows:

- To promote a better understanding of the needs of all key stakeholders
- To develop an awareness of the constraints SNF faces in meeting stakeholder aspirations and to work together to overcome these
- To help to create the ongoing Community, Economic and Environment agendas for SNF, to monitor our performance of SNF and make a contribution through constructive suggestions that will encourage continuing improvement
- To provide constructive challenge to any of SNF's policies and procedures that apply to our Community, Economic or Environment agendas
- To produce an annual summary which details the work and achievement of the Strategic Partnership Board during the preceding 12 months

The Strategic Partnership Board will consist of:

- Chair, who shall be the Managing Director of SNF
- Deputy Chair, the Customer Services Director of SNF
- SNF's Head of Marketing and Communications
- One SNF employee, elected by the staff.
- Representatives from stakeholder organisations, such as the following, amongst others:
 - Orkney Council
 - Shetland Council

- Key industry representatives
- All participants to be agreed in dialogue with Transport Scotland

Other parties with an interest in the activities of SNF, such as Local Authority Officers, Councillors, MSPs and other stakeholder groups will be able to make representations to the Board in writing. They may also be invited to attend specific meetings of the Board to discuss relevant topics. Whilst positions are voluntary, travelling and out-of-pocket expenses will be covered by us, together with the costs associated with the provision of services, stationery, publicity, refreshments etc. It is planned that there will be six Strategic Partnership Board meetings a year, alternating between Kirkwall, Stromness, Thurso, Lerwick and Aberdeen.

In addition to our Strategic Partnership Board, we will engage with other key stakeholders through a variety of channels, ensuring that our communications approach is appropriate for each person. These channels include: face-to-face meetings at director and senior manager level, conferences and events, e-newsletters and personal email updates from the Managing Director. The Head of Marketing and Communication's role will be to lead and promote the implementation of all our community partnership activity, for example sponsorship, charity activities, customer and business groups, special events, work with schools, further and higher education, supported businesses and other service providers, including transport and fellow ferry operators.

The Head of Marketing and Communications role will also champion transport integration internally and connect with external parties to deliver improvement initiatives. We will assess and aim to continuously improve our performance by seeking and acting upon feedback from an independently commissioned qualitative and quantitative stakeholder engagement survey and of course ongoing throughout the year through the Strategic Partnership Board and feedback from our other stakeholder activities.

Working with supported businesses will also form a key part of our community engagement activities. Serco is a premier member of Business in the Community, a business-led charity focused on promoting responsible business practice with a growing membership of over 850 companies. Business in the Community's vision, which we fully support, is for every business to act responsibly and so ensure a sustainable future for all. As SNF we will be proactive and involved members of Scottish Business in the Community, participating in leadership and working groups and community engagement initiatives.

In all our relevant businesses we have processes to respond to MP / MSP correspondence quickly and effectively, and we track our interactions. We will apply these same highly-effective principles to the Northern Isles ferries operations.

Communications

Our communications plan includes:

- Media management
- Employee communications

Media management

Our communications objective is to ensure that the business' reputation is protected and continuously enhanced through highly effective, proactive and creative media management consistent with our vision and guiding principles. This means that we will be trusted by the media and they will be willing to talk to us, take our points on board and know that we are appropriately open – i.e. that we do not avoid awkward or difficult questions / issues.

In addition, our communications activities will also deliver a direct contribution to revenue from selected marketing campaigns and direct contribution to customer satisfaction results through raising awareness of our developments and improving perceptions of SNF

Effective media management will provide valuable publicity for the business, promoting improvements and innovations and allowing us to communicate quickly when service is disrupted. In addition, when things go wrong, our relationships with journalists will ensure that we are contacted with a right-to-reply and are able to present the facts from SNF's perspective. This will lead to enhanced brand profile, consumer confidence and consequently contribute positively to our reputation and our revenue growth.

We will achieve this through highly proficient media management to ensure that our messages and achievements are effectively communicated to the general public. It will include a detailed, local focus as well as a broader consumer reach from a tourism perspective, and a joined-up approach with Transport Scotland's wider media activities where applicable. Our media management strategy will recognise the need for the following:

- An ongoing Marketing and Communications Activity Calendar that links in with local events and festivities
- Proactive Consumer PR and Special Interest Travel PR (specific sectors)
- Local and regional press
- Reactive PR for unplanned events
- Media contingency planning

Each Serco business has well-developed, clear media management processes that work effectively in their specific contexts. Media stakeholders are segmented (by type and geography) to create a prioritised database of media contacts for ongoing relationship building and communications. We have begun to develop one-to-one relationships with key, influential journalists locally and will continue to do so over the life of the contract. Our Group communications team already has long-standing and positive relations with journalists at a national level, which will be invaluable given our aspirations to promote the Northern Isles ferries from a tourism perspective.

We will launch an online media centre as part of our new website in January 2013 This will comprise a section on our website designed to provide interested journalists with all the important background information they need about us, as well as providing access to news releases, photos, logos and other digital assets.

As with all our other Serco businesses, effective media training will be provided for directors and key managers, as will crisis scenario simulations to ensure that we are always prepared to deal with the unexpected.

Employee communications

We have included our high-level plans for employee communications here because it is intrinsically linked with our broader communications strategy and, for the most effective results, must be integrated with our external communications activities. We will develop two-way communication with our employees, which will involve management talking to employees, listening to responses and taking action in relation to those responses. Good two-way communication will help employees to feel valued by the business and is an important aspect of employee engagement. The two most important drivers of employee engagement identified by CIPD research into engagement levels emphasise this need for dialogue. They are:

- Employees having opportunities to feed upwards
- Employees feeling well-informed about what is happening in the organisation

These, in turn, based on CIPD research, promote better performance, employee retention and positive emotions towards work. This translates into excellent customer service and personal contribution.

Our objective is that employees will be well informed about the business, and feel that our leadership team is committed to two-way open, trustworthy, proactive and responsive communications and engagement. This will reinforce our vision and guiding principles and facilitate excellent customer service delivery across the business. Our plans also ensure that our management taps into employee ideas and opinions to optimise organisational learning and innovation, making the most of the skills, creativity and knowledge of every individual in the business. We will deliver this through the following actions, in addition to ongoing leadership development activity:

- Develop and implement a employee communications calendar (which directly interfaces with our external communications calendar)
- Create a 'fast news' channel for special information
- Improve management visibility – 'walking the walk' - through management staff joining front line staff while they are undertaking their operational roles
- Innovative use of communication channels, selecting the most appropriate one for the job:
 - We will explore the creation of an employee extranet (a secure intranet that employees are able to access remotely, e.g. from home)
 - Conferences
 - Messroom sessions
 - Newsletters
 - Team briefing process
 - Business improvement feedback mechanics
 - Communications skills training for managers and supervisors
 - Specific campaign briefings (e.g. Special offers, marketing)

Finally, we will be proactive in our submissions for external awards, both within the ferry industry and beyond it. Our track record from our other contracts demonstrates our success in this area. Awards can be beneficial because they are motivational for employees, promote the business and create positive PR from a customer perspective and add value to the reputation of both Transport Scotland and Serco.

Content Deleted

1.3.10 (Passenger) Reviewing and analysing market levels and potential to develop the Services (without deploying measures which are likely to be viewed as unfair competition with non supported services)

SNF will use the introduction of our much improved overall proposition re marketing, on board product and flexible fare structure to drive business improvement. We will not though use any approach to undercut non-supported commercial operations such as Pentland Ferries with whom we have good relations and will seek to work together, for instance, during theirs or our dry docking to ensure an effective level of service overall to customers can be delivered.

Passenger Growth

Our detailed plans for passenger growth are described throughout this marketing plan. In summary, we see the main area for organic growth as coming from the tourist market and also the loyalty scheme for residents.

We will:

- Monitor passenger travel trends and numbers and recommend to Scottish Ministers complementary changes to the timetables to ensure a good match of capacity with demand across all passenger routes
- Provide better facilities on board to provide a value-for-money alternative to air travel
- Collaborate with our stakeholders to ensure we understand their needs and that we are able to respond appropriately
- Work with island and mainland businesses to promote reasons to travel and joint packages
- Differentiate our product through value, brand awareness and provision of quality service and passenger facilities, operating with integrity in recognition of our status as a grant-funded operator.
- Work with wider transport industry partners to grow the overall market and drive growth that benefits the local economy
- Ensure the customer's total journey experience is optimised through a more integrated journey approach

Section 2 - Freight marketing proposal

2.1 Summary of our proposal

SNF's proposal for freight marketing centres on positioning the service as the primary logistics link to the islands. SNF will do this by working with current and future freight customers to make the link the easiest and most attractive option available to shippers of freight.

We will differentiate the new offering by focusing on:

- The quality of service, defined as providing a strong core offering of good crossing times, reliability and predictability that freight customers can plan their businesses against
- The flexibility of the service, defined as being customer-centric and practical in terms of ensuring all freight traffic booked to travel gets to travel even if it means holding back a sailing for a short period where there is good reason
- The ease of doing business with SNF, defined as being as responsive, open and fair as reasonably possible in terms of using technology, booking, communications, account management and back-office processes
- Being an integral part of our customers' supply chains, defined as leveraging where appropriate information that could help our customers plan and operate their businesses better. For example, feeding back information on the level of forward passenger bookings, which in turn are likely to stimulate freight demand in some sectors

We will work with existing customers to support them in winning business that will ultimately travel on the ferry service. Additionally, we will identify and explore opportunities for new business to RoRo that is either totally new island traffic, or has previously reached the islands by other means.

2.2.1

Content Deleted

2.3 Our Freight marketing proposal

2.3.1 Freight market engagement – the SNF Freight Forum

SNF see the links as being critical for the entire islands served. We propose to reinforce its position at the heart of the islands infrastructure for freight by developing a proactive forum for freight users based on the successful Freight Quality Partnership model, although not to its explicit public sector remit. This would coordinate with more general FQP / RTP provisions in HiTrans, NesTrans and ZetTrans and be called the SNF Freight Forum

The SNF forum will be practically focused on identifying issues, resolving conflicts and proactive in developing the ferry service in the best interests of all freight users reflecting any changes in market dynamics.

The SNF forum will also be used as a source of intelligence for SNF to feedback to Scottish Ministers the needs of the islands and develop more radical, but market-acceptable, ideas that could form the basis of the next contract.

The value of freight to the overall business is such that it is vital to ensure freight customers have a strong and meaningful link through to senior management in order to get their concerns addressed and issues resolved quickly and effectively.

Content Deleted

2.3.2 Applying technology

SNF aspires to enhance the way it engages with customers at an operational and transactional level. Development of freight booking and operational systems through the contract will include the ability for customers' routing and scheduling to interface seamlessly with the booking processes, which we will encourage to become increasingly web-based as is common with many other ferry service providers.

We will develop our systems in a way that makes best use of available technology to place as much control over booking, rebooking and making changes in the hands of our customers as possible. Allowing systems to interface, the process of interacting with SNF on a daily basis will be simpler and more flexible. Introducing initiatives that allow users to have full transparency over their 'account' such as bookings made, capacity allocated, position on invoicing, payments and real-time information on freight in transit, GPS location and expected arrival times will also give customers a range of tools to manage their businesses better and provide value adding services to offer their customers – another way of 'locking in' users to the RoRo solution.

2.3.3 A responsible partner

We recognise that in addition to the value of goods being carried, there is a considerable value attached to customers' equipment. SNF will manage the business in a manner that respects and cares for the equipment it is carrying, working with stevedores and lashing crews to avoid any unnecessary and careless damage to trailers. This will also minimise our exposure to related insurance claims.

2.3.4 Freight Website

Serco will reinforce its position as the preferred logistical link to the islands by enhancing the freight aspects of the SNF website. In addition to the current information provided on timetables, vessel data, tariffs and terms and conditions, we will provide the opportunity for our customers to be represented on the site.

Occasional mainland and international suppliers to the Islands are likely to turn to the SNF website as a logical place to start looking at how to move goods there. Only our haulage customers can deliver the door-to-door solution for shippers of freight who are not planning on making direct bookings for their own resources so we propose to have a 'Partners Page', where freight customers can be represented with links through to their own businesses.

To avoid SNF endorsing one customer over another we will make this a paid-for advertising service that customers can choose to fund through their own marketing budgets.

Being able to connect with regular users of the service would be a valuable facility for companies moving groupage, pallets, parcels or other less-than-full-load freight and needing to find a local partner to work with. Clearly, any business picked up by our customers is highly likely to be carried on trailers moved by SNF.

With environmental considerations being high on the corporate agenda and many companies actively calculating the carbon footprint of their extended supply chains, we also propose to include information on the environmental footprint of the links for customers to include in their calculations.

2.4 (Freight) Reviewing and analysing market levels and potential to develop the Services (without deploying measures which are likely to be viewed as unfair competition with non supported services)

2.4.1 Freight – Organic Growth

SNF will approach business development in a way that complements, but doesn't compete with, its current customers; if our customers are successful at gaining business or attracting traffic, SNF will automatically benefit.

We propose to develop better relationships with our customers and work collaboratively with them to attract business, as there is a mutual dependency on either party to offer a full solution. The offering to the end user needs to be one of having confidence in the logistics company to provide the door-to-door service, and the ferry link to provide a reliable sea-connection.

We will be careful not to give commercial advantage or distort competition between individual freight customers, but will develop a common approach they can all buy-into and leverage if desired.

The approach will be to develop a range of freight focused marketing materials that will include information on the vessels and routes, the duration of the crossing including any necessary cut-off times at ports, the port facilities and key information and on the capacity, performance and reliability of the services and any other relevant information from time to time.

SNF aims to accompany or support its customers who are planning to attend trade events and other business development opportunities as a further means of projecting a jointly integrated and preferred islands solution, and to build relationships with key customers.

The nature of the day to day operational interaction between SNF and its freight customers will facilitate these relationships, and SNF will resource this forward looking development role through a combination of maintaining the existing senior management roles, and freight operations team including shore side support, livestock and community support staff.

Freight - New business development

Content Deleted

In the event that freight growth outstrips available capacity, particularly during the period of one freight vessel operation on Aberdeen routes, the SNF operating solution does facilitate bringing in additional capacity at marginal cost.

Outcomes and Benefits

The approach proposed is designed to support businesses on the islands, which will have clear positive benefits for:

- The economic environment of the islands
- The social and employment environment of the islands
- The continued success of island businesses

- The potential to lower subsidy contribution to deliver the overall service

SNF will reinforce the position of the service as being an integral part the customers' offering to their respective markets and become a valued and supportive partner to commercial and non-commercial stakeholders that have an interest in freight.

SCHEDULE 8 - HEALTH AND SAFETY PLAN

The Health and Safety Plan must be developed in accordance with Clause 9.

The Operator must comply with the following Health and Safety Plan:

1. Summary of our proposal

Serco has an extensive safety management system in use for marine transportation. We will draw on this experience, to develop and enhance the ISM (International Safety Management system required by all seagoing vessels over 500GT) Safety Management System (SMS) for the safe operation of the Northern Isles Ferry Service. Serco is already accredited with an ISM Document of Compliance (DOC) which is valid for Passenger Ships, High Speed Craft and other Cargo Ships.

The Serco SMS embodies all the statutory requirements of health and safety in law, nationally and internationally. It covers all the functions and responsibilities of shore management and seagoing staff in relation to safety and environmental protection. Risks in all aspects of the service will be identified and be subject to mitigation measures. The safety of passengers and Serco personnel, both afloat and ashore, will be paramount in the approach to management of the service. Serco also has in place our own safety management plan for dealing with shore operations and staff, which is fully compliant with HSE objectives.

SNF's overall Health and Safety Management Plan is built on the basis of systematic management of risks, compliance and safety culture and will ensure:

- We are the best practitioner of Safety Management in the marine passenger industry
- We have a comprehensive and direct line of responsibility of safety and environmental impact emergencies from front line to Serco top management
- Adequate contingency planning for disaster and environmental impact emergencies
- Compliance with statutory requirements
- We provide safe practices and a safe working environment for ferry operations
- We control hazards and reduce risks to an ALARP level
- We foster a positive safety culture that seeks and implements continuous safety improvements
- We have a systematic and embedded approach to Risk assessment and mitigation
- We have a comprehensive Safety management System(SMS) embodying all appropriate H & S legislation
- Clearly defined responsibilities for every member of staff ashore and on ships
- We will appoint Designated Person ashore(DPA) in direct communication with ships and Serco senior management

2. Meeting statutory requirements through Serco's Safety Management System

The statutory requirements for the operation of a passenger ferry service are that the vessels to be used are fully certificated for the purpose by the country of registry and in class with a classification society approved by them. The ship management company must have a Document of Compliance (DOC) issued by an appropriate authority for the management of the particular class of ships. Certification is achieved by compliance with the National and International Maritime Legislation and

subsequent approval of the company management systems.

The international requirements are governed by the International Maritime Organisation (IMO) and the International Safety Management (ISM) code which is the framework for an international standard Safety Management System (SMS). The IMO is the United Nations specialised agency with responsibility for the safety and security of shipping and the prevention of marine pollution by ships. Ship safety standards are developed and set by the IMO and are subsequently adopted and enforced by both national maritime authorities and, under delegated powers, by recognised organisations.

These include, but are not limited to:

- International Safety Management (ISM) code and corresponding amendments
- International Convention for the Safety Of Life At Sea (SOLAS)
- International Regulations Preventing Collisions at Sea (COL REGS)
- International Convention for the Prevention of pollution from Ships (MARPOL)
- Merchant Shipping Acts

The management and operation of terminals and shore based personnel places a responsibility by law, on the Company, to take reasonable steps to ensure the health, safety and welfare of its employees at work. Much of the law regarding safety is contained in the Health and Safety at Work Act 1974 and the following regulations adopted throughout the EU:

- Management of Health and Safety at Work Regulations 1999 (Management Regulations)
- Workplace (Health, Safety and Welfare) Regulations 1992
- The Provision And Use Of Work Equipment Regulations 1998
- The Manual Handling Operations Regulations 1992 (Manual Handling Regulations)
- Personal Protective Equipment Work Regulations 1992 (PPE)
- The Health & Safety (Display Screen Equipment) Regulations 1992 (Display Screen Regulations)
- Working Time Directive and Working Time Regulations 1998
- The Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995
- Electricity at Work Regulations 1989
- Fire Precautions (Workplace) (Amendment) Regulations 1999
- Health and Safety (First Aid) Regulations 1981
- Employers Liability (Compulsory Insurance) Regulations 1998
- Noise at Work Regulations 1989 (Noise Regulations)

The Serco Management System, with respect to the management of health and safety, is fully compliant with ISO18001 and, where appropriate, accredited at contract level.

The SMS will comprehensively cover all aspects of the management and operation of the Northern Isles Ferry Services. As well as the statutory requirements, the SMS will reflect the Serco safety culture. These will include, but not be limited to:

- It's commitment to a safe working environment
- Passenger safety
- Protection of the environment
- Detail the responsibilities of every member of staff
- Contain safe operating procedures for all shipboard functions and the requirements for the management of the system
- Contain details of the safety drills to be carried out and the frequency. This is a mandatory requirement and is the direct responsibility of the Master to ensure compliance
- Serco will appoint a Health, Safety, Quality and Environment Manager and Designated Person Ashore (DPA) (this person will be the SNF Operations & Freight Director) in accordance with ISM requirements, whose duties will include the monitoring of pollution prevention elements, and

ensuring that the necessary resources and shore based support are in place. The DPA will be responsible for monitoring non-compliances and the resulting corrective action. He/she will be the first point of contact from ships, in the event of an incident occurrence requiring assistance from shore management

- There must be a line of communication available to the ships' Masters at all times.
- In the event of leave or illness a deputy (this person will be the Technical Manager) must be appointed.
- The DPA will have direct access to highest level of management within the company.

The SMS will be subject to continuous review and improvement and is subject to regular internal and external audit. Internally, annual port and ships audits will be conducted against the ISM Code and the Serco Management System. Externally, the SMS will be audited by the MCA. Strict control of documentation will be maintained for all aspects of the SMS.

The effectiveness of the SNF Safety Management System will be evaluated by benchmarking for performance and processes in relation to Serco Marine best practices, performance and statistical performance data from the UK ferry industry

3. Our Proposal for Health and Safety Management

Serco Limited has a strong safety management culture throughout our 100,000 employees, which is encompassed in the Serco Safety Management Plan and is a component of the Serco Integrated Safety Management System (ISMS). The ISMS will include SNF's policies, plans, procedures, work instructions, manuals, handbooks, organisational structures, processes, records and resources.

The Serco Safety Management Plan has been written to comply with the requirements and guidelines of Roads, Rail and Maritime Services and broadly aligns with the International Safety Management (ISM) Code required by IMO (and MCA) legislation for the operation of seagoing vessels over 500GT. It details the strategy taken for managing safety through the life of the Northlink Ferries contract.

Serco is committed to maintaining a safe, healthy and sustainable working environment wherever the company operates for its people, its customers, partners and contractors and the public. Every employee of Serco is responsible for meeting this requirement. Marine safety is managed in accordance with the IMO ISM code for safety management of ships and pollution prevention. Marine safety is overseen by the Marine Safety Governance Committee within Serco Limited and has responsibility over marine related contracts for:

- Enhancing safety and wellbeing of our stakeholders within the Marine community
- Reviewing the strategy for improvement in marine safety and pollution prevention across marine matters and reporting on marine governance to Serco's Designated Person Ashore
- Ensuring that each contract has in place contingency planning for disaster management
- Creating a process of continuous improvement in Marine safety management and safety achievement across Serco and informing the Serco Group Board via the Group Risk Management Committee (GRMC) as required
- Bringing improvement and innovation and best practice into our policies, procedures and processes
- Promoting marine safety and provide awareness and understanding of how Serco manages marine governance
- Ensuring alignment and compliance with regulatory directives and guidance
- Reviewing any changes to the marine regulatory framework and potential impact on Serco's marine services contracts
- Providing plans and identifying the resources necessary for the safety governance issues to be resolved

- Identifying capability gaps in marine safety
- Escalating marine safety concerns and issues to the GRMC

A set of principles for the design, development and implementation of SMS in Serco's contracts is mandated by Serco Group, and this policy guidance is then integrated with specific contract requirements for submission to clients.

Serco's Safety objectives are to:

- Provide for safe practices in ship operation and a safe working environment
- Continuously improve the safety management skills of personnel ashore and onboard ship, including preparing for emergencies related to safety protection
- Control hazards and reduction of risk to an ALARP level
- To be at least as good as industry best practice in Safety Management
- Foster a positive safety culture that seeks and implements continuous safety improvements
- Have clearly defined organisational responsibilities

Compliance

Serco will meet its statutory requirements in relation to Health and Safety, for the SNF service and all employees and passengers by fully complying with the IMO ISM Code and statutes applying to the management and operation of a ferry service within European waters. The requirements and recommendations of the Code of Safe Working Practice (COSWP) and Standards of Training Competence and Watchkeeping (STCW) for sea going staff will be embodied in the procedures and processes detailed in the SMS.



Integrated Safety Management System Structure

The delivery of all Serco's contracts is supported by the strength of expertise in the relevant division of

Serco and is overseen by Serco's Corporate Assurance Group (CAG). With any new contract we replicate the arrangements we have in place across all of our businesses to ensure there is appropriate assurance and technical oversight to our service contracts, with responsibility for safety & assurance being held at contract level. The Northern Isles Ferry Services contract would be overseen by the Safety & Assurance team in Serco Limited, but all corporate best practice and standards would be consistently directed through CAG.

Serco's Health, Safety and Environmental policy defines our commitment in the policy area and applies across the Group. At the next subordinate level are Serco's Corporate Assurance Group (CAG) Standards which sets out the minimum that SNF must achieve to fulfil each policy commitment, and the responsibilities for each one.

SNF's HSQE Manager will report through the SNF Managing Director to the CAG and receive directives from this group on Serco Company Safety policy.

Serco Northlink Ferries Health and Safety Management system

The objective of the Serco Integrated Safety Management Plan is to provide the means to direct and control the activities necessary to meet SNF's safety management policy objectives and to check that they remain relevant and appropriate throughout the life of the Northern Isles Ferry Services contract.

SNF's Safety objectives are to:

- Provide for safe practices in vessel operations and a safe working environment for the ferry operations
- Continuously improve the safety management skills of all personnel ashore and aboard vessels, including preparing for emergencies related to both safety and environmental protection
- Establish safeguards against all identified risks and establish a safe working environment
- Control hazards and reduce risks to an ALARP level
- Produce and exercise disaster and emergency contingency planning
- Be the best practitioner of safety management in the marine passenger industry
- Foster a positive safety culture that seeks and implements continuous safety improvements
- Have clearly defined organisational responsibilities

Serco currently operates 14 vessels under the ISM code and will shortly be adding five more from INS (nuclear fuel waste ships) in compliance with the ISM Code and holds a Document of Compliance (DOC) for the safety management systems under which the vessels are operated. In total Serco operates over 700 vessels worldwide, all of which are managed and operated in line with the ISM Code. The SNF service will be operated under this DOC.

Serco will manage the ferry service, ships and terminals with our comprehensive ISMS developed specifically for the Northern Isles Ferry Services. It will be fully compliant with the statutory requirements - national and international for the operation of a passenger ferry service in European waters. It will incorporate the requirements of the Merchant Shipping Acts and all relevant Health and Safety laws.

The Serco ISMS will comprehensively cover all aspects of the management and operation of the service. As well as the statutory requirements of the IMO and ISM our Safety Management System

(SMS) will reflect the Serco safety culture and our commitment to a safe working environment, passenger safety and protection of the environment. It will detail the responsibilities of every member of staff, contain safe operating and reporting procedures for all shipboard functions and the requirements for the management of the system.

Security

SNF will comply with all mandatory requirements regarding the International Code for the security of ships and for port facilities (ISPS). This applies to signatory governments and port authorities. Serco will produce a ship security plan in accordance with the IMO guidelines and appoint a security officer aboard (who will be the Safety Officer). It will be established in the plan that the Master of the vessel has the overriding authority and responsibility to make decisions with respect to safety and security of his/her ship and to request the assistance Serco, or of contracting governments as may be required.

In accordance with the ISPS code SNF will appoint a Port Security Officer for the port facilities (this appointment will be the Operations Director of SNF, who will appoint the Port Supervisor at each individual port facility operated by SNF) or for a particular facility, who will liaise with the ship. He/She will, among other duties ensure the ship has a current copy of the port security plan and co-ordinate with the ships' Security Officers as appropriate.

The plan requirements are for:

- Ensuring the performance of all security duties.
- Controlling access to the ship
- Controlling embarkation of persons and their effects
- Monitoring restricted areas
- Monitoring deck areas and areas surrounding the ship
- Supervising the handling of cargo and ships' stores
- Ensuring that security communication is readily available

Additional measures will be included in the plan to increase security in the event of the security level being increased due to a perceived threat of some nature. The normal security level is 1, but this can be raised to 2 or 3. The ship will receive information to changes in security level by SNF or the port authorities. In compliance with the ISPS requirements the ship is issued with an international ship security certificate by the flag administration (MCA). The plan and organisation is subject to annual verification and audit. Serco will fully comply with the requirements of the ISPS code, liaising with the authorities in each port and the MCA. In compliance with ISPS SNF will operate a secure Boarding Card system which will ensure that the number of souls aboard vessels is always known and available. It is anticipated that this will be an electronic system.

In the transition to Serco management the SMS for each ship will be developed and an Interim Safety Management Certificate (SMC) will be issued by the MCA to each ship on completion of vessel audits. The interim SMC will be valid for a period of six months at which time the MCA will audit each ship to ensure the Serco SMS has been implemented and is functioning in compliance with the code prior to issuing a full SMC.

The SMS will be subject to continuous review and regular internal and external audit. Internally, annual port and ships' audits will be conducted against the ISM Code and the Serco Management System. Externally the SMS will be audited initially by an independent ISM auditor and finally by the MCA. All

procedures and controls will be subject to continuous review and improvement. Strict control of documentation will be maintained for all aspects of the SMS.

The effectiveness of our SMS will be evaluated by benchmarking for performance and processes in relation to Serco Marine Services' best practice and performance as well as statistical performance data from the UK ferry industry.

Monitoring and benchmarking activities

SNF, as part of the wider Serco family, will look at performance lessons from our operations on a global and sector basis (marine, transport, service operations) to identify best performance benchmarks that can assist in the improvement of the Northern Isles ferries operation. This will be a continual process aimed at seeking ways to improve the safety performance of the ferry operation in addition to the benchmarks in the Northern Isles ferry services contract that are to be achieved.

Content Deleted

4.Responsibility for Health and Safety Matters

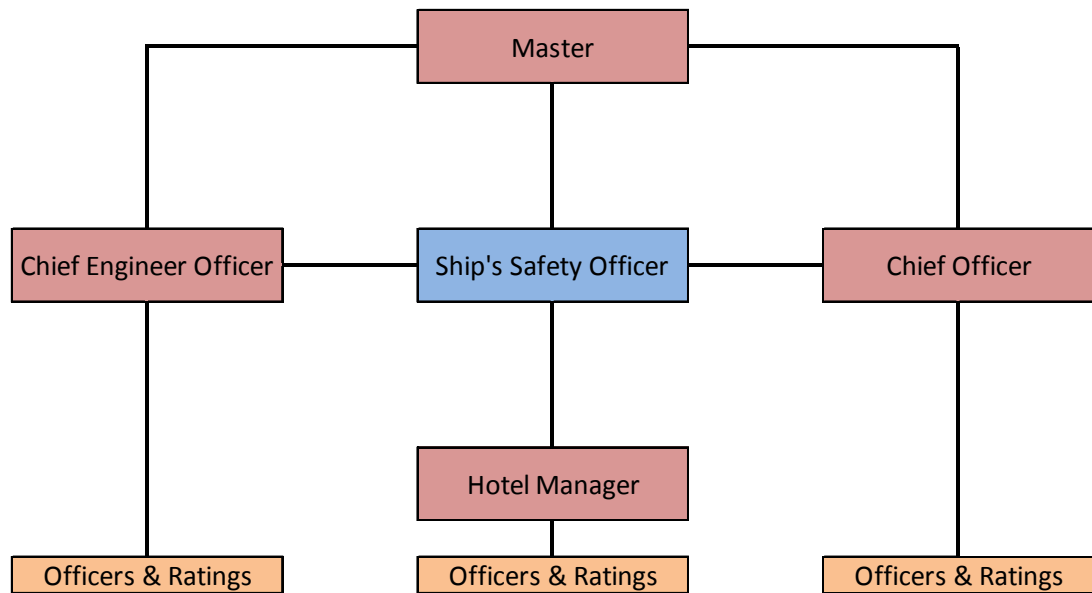
Ultimately the Managing Director of Serco NorthLink Ferries is responsible for health and safety of the operation and staff on Northern Isles ferries. Serco has a proven approach to good governance on safety which ensures there is the appropriate level of senior management oversight on health and safety from the directors of each operating contract to the top of Serco. Best practice developed over many years, in the range of service operations and asset management activities that we undertake in many safety critical operations, has led us to adopt the approach of having a senior manager in each contract responsible for ensuring the contract is managed safely and in accordance with all statutory and corporate requirements. The Health, Safety, Quality and Environment (HSQE) Manager will be responsible and accountable for ensuring compliance with all Health, Safety, Environment and Security legislation as well as for quality assurance and how the organisation goes about improving health and safety outcomes. The HSQE Manager will be a member of the SNF Senior Management Team and will sit on the SNF Contract Board as well as being a member of the UK & Europe Safety & Assurance Board.

5.Organisational Structure of the Management of Health and Safety

The senior managers – especially the Operations & Freight Director and the Customer Services Director will be responsible to the Managing Director for ensuring the operation of the vessels and activities at the ports are carried out safely, meeting our objectives and in accordance with all internal and external requirements.

Afloat

SNF's Ships' Masters will be responsible for the management of safety on board and the reporting of incidents, hazardous occurrences and non-compliances due to defects. Each ship will have an officer aboard (usually rotated between 2nd officer (Deck) and 3rd Engineer Officer) who will be designated the ship's Safety Officer. It is this officer's responsibility to hold regular ship's safety meetings, which shall be minuted and presented to the Master and DPA (for description of DPA see below) for action should any be needed. The Master is also responsible for recording any Health and Safety incident to the DPA copying the HSQE Manager, who will record and monitor all incidents. On analysing any report the HSQE Manager will recommend best practice and any changes to policy or procedures to ensure the incident does not happen again. The SNF Managing Director has responsibility for ensuring that the procedures and policies of Serco are being strictly adhered to.



Safety - Organisation aboard vessels

There will be an appointed designated person ashore (DPA) (referred to as the Designated Person or DP in the IMO ISM)

Content Deleted

6. Proposals for developing a zero accident culture



Serco adopted a Zero Harm theme in 2010 and developed a series of strategic goals to reach a target of zero incidents, reflected in our approach to Health, Safety, Environment and Quality across the Group.

Content Deleted

Proposal

The SNF leadership team will set an example by bringing passion to shape and sustain a safety culture that permeates every level of the Northern Isles Ferry Services organisation. We will foster a positive work environment where everyone adopts best safety practices, places the highest value on our safety performance and contributes to the process of continual improvement. The key to getting the SNF safety culture dedicated to pursue the objective of zero harm will be to foster open, effective two-way communications. We are committed to a high level of engagement and communication on safety within SNF and with all stakeholders including members of the public using the services, freight users, community groups, councils, transport partnerships, regulators and other public transport providers with whom we will interface, our contractors, suppliers and business partners.

In all areas and functions for which SNF is responsible, risks will be identified, assessed and managed in proportion to the likelihood and consequences of an unplanned occurrence. Risks will be reduced to the level of ALARP. Every member of the SNF organisation will clearly understand their safety responsibilities for each task they are required to perform. Systems will be established to ensure each person is competent to undertake all tasks safely, is fully trained and briefed in the requirements, and is

provided with the equipment and systems with which to work safely.

Content Deleted

THIS PAGE IS BLANK

SCHEDULE 9 - ENVIRONMENTAL MANAGEMENT PLAN

The Environmental Management Plan must be developed in accordance with Clause 10.

The Operator must comply with the following Environmental Management Plan:

Response

1. Summary of our proposal

Serco Northlink Ferries (SNF) will optimise quality and efficiency, whilst minimising environmental impact through

- Procurement processes that make a significant contribution to our goals of sustainable economic development and resource minimisation by ensuring that the goods and services we buy consider optimum environmental performance.
- Our purchasing decisions in relation to Northern Isles Ferry Services will consider whole life cost and the associated risks and implications for society and the environment.
- We will purchase goods that have a minimal impact upon the environment and wherever possible, recycling will always be our first option when disposing of old materials and waste.
- We will compile an environmental legal register that will identify the specific constraints upon the operation of the service and will be subject to periodic review and updated at least annually.
- We will implement the tried and tested system that is used widely in our Serco marine contracts, to ensure that co2 and other harmful emissions are reduced during the lifetime of the contract.

Serco was awarded Carbon Trust Standard certification in 2011 after reducing our co2 tonnes production per £million revenue in the UK by 2.5% per year (10%) since 2008. We have now also joined the top 10% of organisations listed in the Carbon Disclosure Project Leadership report from the FTSE 350.

For each port area in which we operate, Serco has developed impact registers which identify potential environmental issues and we seek to make improvements ranging from the management of waste to the recovery of hydrocarbons from oily water waste liquids. Serco is certificated to ISO 14001 by Bureau Veritas for activities associated with providing operation and technical services in support of port and harbour operations towing and passenger carrying craft, boat and barge services, tank cleaning vessels and liquid waste management.

2. Not used

3. Our proposal

Protecting the environment in the Northern Isles is particularly crucial, given the unique

vulnerability of the location and its dependency on the marine world and tourism for many aspects of every day life. This therefore demands a robust EMP and we are confident that through demonstrable expertise in this area, Serco is best placed to meet the challenges and expectations of delivering a greener service.

Content Deleted

Serco NorthLink Ferries will:

- Identify the significant environmental aspects and impacts from current and relevant past activities and services and, where we have direct control or can be expected to have an influence, implement an appropriate environmental management system
- Minimise and where reasonably practicable eliminate any adverse impact on the environment arising from the activities of our business
- Minimise the use of energy, resources consumed and waste produced while undertaking our business activities in a safe and professional manner
- Support the reduction, reuse and recycling of materials and ensure the legal disposal of all waste arising from the activities of the business
- Comply with legal requirements and where appropriate go beyond compliance with the minimum environmental requirements of legislative bodies and our customers
- Make appropriate resources available to manage the environment and ensure human resource roles, responsibilities and authorities are defined
- Ensure that all staff whose work may create a significant impact upon the environment are provided with adequate and appropriate information and training and are competent in environmental matters
- Inform and train our staff in understanding and fulfilling their environmental responsibilities and those of the Serco
- Establish and measure environmental performance against objectives and/or targets
- Regularly review our environmental management system at senior management level with a view to continually improving our environmental performance.

In reflection of our commitment to the highest standards of environmental management, SNF will develop an EMP to meet the requirements of ISO 14001. This policy will be implemented by the HSQE Manager, supported by the Environment & Quality Manager dedicated to overseeing environmental improvement across Serco Northlink Ferries.

Managers will communicate the policy to staff and subcontractors, and the policy will be posted on site notice boards and explained at site inductions. In accordance with our transparent operations, the policy will be available to the public on request.

1.How SNF will comply with applicable legislation

SNF will undertake a systematic review of all key stakeholder requirements and environmental legislative policy and other constraints applicable to the delivery of the contract and collate these in an environmental legal register. The register will identify the specific constraints upon the operation of the service and will be subject to periodic review

and updated at least annually.

Where principal activities are sub-contracted, SNF will require the sub-contractor to have similar arrangements and SNF will capture relevant requirements within its own registers instead.

Application of these standards and guidance where appropriate and adherence to the Serco Group Health, Safety and Environmental Policy Statement will provide the platform for the development of an environmentally compliant vessel, installation or service. The following list is a non-exhaustive view of legal and other requirements that will steer the direction of environmental management by SNF. It must be noted that there are a whole host of other protection standards applicable to the marine environment which have not been illustrated. This list is an example of the extent of legislation that will require compliance as part of the EMP:

Ports and Port Authority

- Harbour Works (Assessment of Environmental Effects) (Amendment) Regulations 1996
- Harbour Works (Environmental Impact Assessment) Regulations 1999
- Trans frontier Shipment of Waste Regulations 1994
- Merchant Shipping (Port waste Reception Facilities) Regulation 1997
- Conservation (Natural Habitats &c.) Regulations 1994 (implementation of the Habitats Directive (92/43/EC))
- Countryside and Rights of Way Act 2000
- EIA Directive (97/11/EC)
- Surface Waters (Dangerous Substances) (Classification) Regulations 1997 & 1998
- Shellfish Waters Directive (79/923/EC)
- Port / Queens Harbour Master requirements
- Naval Authority requirements

Waste Management

The Environmental Protection Act 1990 (EPA90), The Environment Act 1995 and all other relevant legislative constraints

Waste Electrical and Electronic Equipment (WEEE) Regulations 2006

Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment Regulations 2006 (RoHS)

Hazardous Waste Regulations 2005

Water Resources Act 1991

UK's Nature Conservation Legislation

EC Directive on the Conservation of Natural Habitats and of Wild Fauna and Flora (the Habitats Directive, 92/43/EEC)

The Environmental Protection Act 1990 (EPA90)

Wildlife and Countryside Act 1981 - Sites of Special Scientific Interest (SSSI) and Areas of Special Protection (AoSP)

National Nature Reserves and (NNRS) Marine Nature Reserve (MNR)

National Parks and Access to the Countryside Act 1949 - National Parks and Local Nature Reserves (LNRs)

The Environment Act 1995

Water Framework Directive (2000/60/EC)

Marine Scotland Act 2010

Scottish Environmental Protection Agency

Marine Legislation

The International Maritime Organisation (IMO) is a specialised agency of the United Nations system, which is responsible for measures to improve safety of international shipping and to

prevent marine pollution from ships. Pollution prevention standards are developed and set by the IMO and are subsequently implemented and enforced by both national maritime authorities and, under delegated powers, by recognised organisations. The International Convention for the Prevention of pollution from Ships (MARPOL) is the primary legislation concerned, which can be subdivided into the following areas:

- Prevention of Pollution by oil
- Control of pollution by noxious liquid substances
- Prevention of pollution by harmful substances in packaged form
- Prevention of pollution by sewage from ships
- Prevention of pollution by garbage from ships
- Prevention of Air Pollution from Ships

2. SNF plan to encouragement 'green' procurement

Serco has a robust procurement policy that takes account of social and environmental factors when making decisions on the purchase of goods and the commissioning of services. Our purchasing decisions in relation to Northern Isles Ferry Services will consider whole life cost and the associated risks and implications for society and the environment. Procurement will therefore make a significant contribution to our goals of sustainable economic development and resource minimisation by ensuring that the goods and services we buy consider optimum environmental performance.

Our sustainability objective for Northern Isles Ferry Services is to ensure a continuous improvement in procurement decisions measured against delivering sustainable and ethical trading. More specifically, SNF will seek the reduction of environmental impact from service operations, the purchase of products that meet recognised environmental standards and avoid adverse social and environmental impact in the supply-chain.

Where practicable, we will purchase goods that have a minimal impact upon the environment, both local and global. Factors taken into consideration will include sustainability of resource production, transportation, full life energy/raw material consumption and waste production and percentage recycled content. Wherever possible we will consume and purchase less by identifying and eradicating, wasteful practices within our own operation and those operations where we have influence.

SNF will re-cycle goods at the end of their life where this is possible. Where it is not possible, we will ensure disposal in the most environmentally sound manner. We will purchase products and services that meet minimum environmental standards. To promote and embed the adoption of sustainable services within the Northern Isles Ferry Services, SNF will develop and support (through appropriate awareness programmes) new methodologies for:

- Identifying needs
- Appraising options
- Agreeing design and specification
- Supplier selection
- Contract management
- Supplier development

We will support national policy and legislation to reduce CO2 emissions, ban ozone-depleting substances and protect biodiversity.

Suppliers

Suppliers will comply with all national and other applicable law and regulations. Where the national law and this Standard are in conflict, the highest standards consistent with national law should be applied. SNF will expect its suppliers to:

- Have an effective environmental policy, to implement the policy at all levels throughout the company and to include a commitment to continual improvement in environmental performance and prevention of pollution
- Comply with all environmental legislation, regulations and all local laws which relate to the organisation's environmental aspects, to facilitate the protection of the environment
- Have a process that ensures conformity to local regulations, including those relating to the reduction, reuse and recycling of waste and the elimination and safe disposal of dangerous materials
- Identify a person within its business who has responsibility for environmental compliance issues and to be able to demonstrate that responsible personnel are adequately trained in environmental matters

The Serco Corporate Assurance Group will carry out regular monitoring of the implementation of sustainable procurement commitments and ethical standards by business units, to enable us to identify trends and ensure that environmental and social factors are being considered in procurement decisions.

3. SNF plan to encourage 'green' travel

SNF will promote 'green' forms of travel to our workforce and passengers. Raising SNF staff and customer awareness and generating environmental improvements will be essential if we are to make a real impact on any environmental damage that is currently occurring, and our strategies to do this will be an integral part of our Environmental Management Plan. SNF will create a clear environmental vision, that is stretching but attainable and motivating, in line with the overarching vision we develop for the organisation.

Key areas of focus will be in:

- Reducing the carbon footprint
- Reducing energy consumption
- Maximising recycling and reducing waste
- Minimising the impact the operation has on marine wildlife
- Protect the local fishing export industry

Internal communications and training, customer and stakeholder communications, joint environmental plans with key partners will be fundamental enablers to the message of 'green travel'.

Content Deleted

4. SNF arrangements for determining, managing and mitigating the environmental impact of the services both onshore and at sea.

The Serco Safety Management System (SMS) will, in addition to the existing environmental protection policy contained in it, take into consideration the unique and special environmental factors that exist in and around the proposed routes. This will relate to shore administration, terminal and vessel operations. The system will be managed through the Serco Safety Management structure and will be the direct responsibility of the Managing Director of SNF to ensure compliance at all levels within the organisation. This will include contractors working on vessels or in areas under Serco control, as required under duty of care.

Ships have the potential to seriously damage the environment, for example in the event of a major pollution incident. Even in normal use there are harmful emissions from ships into the atmosphere which can only be controlled by adhering to appropriate maintenance regimes, correct engine and plant operation and voyage planning to lessen the effects of harmful emissions escaping into the atmosphere. There is recent and pending legislation in the medium to long term to bring in measures that will further reduce the harmful emissions and greenhouse gases (GHG) generally in the global shipping industry, and SNF will adapt to any such legislation at the earliest opportunity.

Pollution prevention is regulated by IMO MARPOL and is embodied in ships' safety management procedures. SNF will operate the vessels in strict compliance with the regulations and instigate further measures to modify operating procedures to raise awareness of the importance of protecting the environment. The following diagram illustrates our approach to minimising environmental impact within a business context:

All ships will be fully compliant with the regulations; the ISM will embody all safe operating procedures and environmental protection measures. The system, as required by the regulations, will be subject to internal and external audit with procedures for reporting and correcting non-compliances if they arise. Serco will appoint a Designated Person (DP) with the necessary experience and provide the resources to co-ordinate and respond to any pollution incident that might occur and to review the non-compliance process.

Appropriate training will be given to shore staff and sea going staff in safety and environmental protection procedures, as well as other necessary functions. Individual records will be maintained and reviewed. Training within the company will be an ongoing process and closely related to personal development

5. SNF proposals for minimising the generation of greenhouse gasses and carbon release at the outset of operating the Services and for ongoing assessment and reduction.

Serco can be found at the heart of developing the UK's low carbon economy and we aim to

identify and reduce our environmental impacts by minimising the use of energy and other resources and by reflecting our principles of sustainable development in all our activities. Our environmental approach is global and in 2010 we introduced 'Account' carbon management software that has allowed us to track our emissions across the whole of the company.

Minimising GHG and Carbon Release

Greenhouse gas emission is directly related to the quantity of fuel burned on board and in turn related to the type and size of engines and boilers fitted in the vessel.

The volume of greenhouse gas emission when running at normal full speed to the volume at 90% of full speed is considerable and can be the region of 30% - 40% less. Running at lower powers generally leads to lower engine efficiency and in the long term could be harmful. The multi-engine arrangement in the RoPax vessels allows flexibility by running on different engine configurations at efficient power outputs which SNF will take full advantage of in our efforts to minimise emissions

Content Deleted

Preparation for the introduction in 2013 of a Ship Energy Efficiency Management Plan (SEEMP) for each ship will entail the assessment of operations and practices throughout the ship to identify potential for energy saving. This will include analysis of operating schedules, voyage planning and optimising engine power.

Our approach will focus on acting responsibly and ensuring that the business complies with all relevant environmental legislation, managed internally by designated personnel. The Directors of Serco Group plc are responsible throughout the company for environmental policy and ensuring its effective implementation. With regard to ongoing assessment and reduction of greenhouse gas, the Chief Executive champions this on the Serco Group plc Board and it is managed in practice through the Group Risk Management Committee and the Group HSE Oversight Group.

6. SNF specific proposals associated with the introduction of low sulphur fuel in 2015.

The implications of the introduction of the 0.10% sulphur fuel limits for ships operating in Emission Control Areas (ECA), and the North Sea in particular, are not fully known at this time. Due to the need to change to distillate fuel, higher fuel costs will result. There is concern within the ferry sector that not all ships currently trading in the North Sea ECA will be able to comply. Representation on this has been made to IMO and the EU Commission on this subject proposing a delay to the introduction.

The manufacturers of the MaK M43C and M32C engines in the three passenger vessels have indicated that the engines should only need a change of lubricating oil to a lower total base number (TBN) oil in order to use the 0.1% sulphur fuel on a continuous basis. The SNF Technical Manager will discuss the changeover in detail with the manufacturers prior to implementation date. He will also arrange for the cleaning of tanks and fuel system modifications prior to loading the distillate fuel.

The major oil companies will decide on the production priorities which will possibly impact on the availability in the Northern Europe ECA of ultra low sulphur (ULS) marine distillate fuel for which there will be increased demand. Serco will consult with the engine manufacturers

on the suitability of the engines regarding the use of 0.10% sulphur distillate fuel and any modifications necessary. Serco will make early representation to the fuel suppliers regarding the provision of ULS fuel supplies prior to the mandatory change over date. All Options for supply will be considered in the discussions.

The SEEMP will take into account the need to change fuel and energy efficiency will be a priority to mitigate the increase in fuel costs resulting from the use of distillate fuel.

7. SNF estimated targets for peak season daily carbon release during the operation of the service

Serco will set realistic targets for daily carbon release during peak season and throughout the year linked to the measures for reduction in fuel consumption. The specific targets will be set on the basis of the individual ship assessments carried out in relation to the formation of the SEEMPs and the analysis of the schedules and optimisation of the capacity and demand on the various routes. They will be progressive in order to be achievable and to monitor the effectiveness of the efficiency measures.

It is estimated that reductions in peak season daily carbon release will be approximately the order of 15% to 25% should be achievable and SNF will strive to achieve higher reductions.

Peak period carbon release will in part be off-set by overall reductions in the off peak periods. SNF will impose strict adherence throughout to the fuel reduction measures introduced for energy efficiency and closely monitor the effectiveness.

The only method of control is by reducing fuel consumption. This can be achieved in part by greater operating efficiency, optimising operating schedules to allow lower speeds and awareness in the crews of the need to conserve energy.

8. SNF Proposals for pollution control and minimisation

Pollution at sea is governed by IMO MARPOL regulations and the mandatory requirement for prevention measures to be included in the International Safety Management System (ISM). SNF will follow all operating procedures for shipboard evolutions, machinery, equipment, bunkering and specific contingency plans.

Pollution can result from various shipboard operations and emergencies, the objective of the ISM and other aspects such as maintenance, crew training and crew competence, is to reduce pollution incidence and minimise the effect if an incident occurs. We will meet the mandatory requirement to include a Ships Oil Pollution emergency Plan (SOPEP) in the ISM, approved by the MCA.

SNF will provide the necessary resources, through the management structure to co-ordinate and manage the response should an incident occur. The management team focused through the DP will liaise with and assist the local and national authorities in dealing with any incident.

Serco has a policy of zero discharge from ships of any liquid or solid waste and will operate strictly in accordance with the requirements of MARPOL, EU Directives as appropriate and local authorities.

The master is responsible for monitoring the environmental protection system as detailed in

the SMS, ensuring strict adherence to the procedures, maintaining records and the reporting process on board the vessel. The HSQE Manager will be responsible for monitoring, reviewing and auditing the system. He will be the appointed DPA and will co-ordinate the immediate response to any pollution incident and the resources necessary to support the vessel. There will be a response team of nominated personnel from within the management structure lead by the Managing Director to liaise with and assist third parties, Coastguard, rescue service, pollution response teams, harbour authorities and environmental protection agencies as required.

9. SNF Proposals for waste minimisation and waste management

SNF will operate a strict policy on waste and waste management on shore and on board ship. This will include zero discharge of any waste from ships on passage, crew awareness training in waste management system and procedures including recycling.

Contracts will be placed with third party suppliers for the removal of liquid and solid waste and cleaning with contact being made with the current contractors in the first instance. Procedures and system will be in place onboard for recycling dry waste from packaging and retail catering. Suppliers will be encouraged where possible to reduce packaging and use packaging materials that can be recycled, to increase the use of beverages in bulk supply, draft soft drinks and beers to reduce cans and bottles. As with any of our contracts, Serco will strive for minimum waste in food preparation.

10. SNF proposals to minimise the effect on marine life and to secure the health and protection of marine mammals

Serco will liaise with the Environment Agency, Wildlife Protection and Conservation Agencies to make sure that we are always aware of local conservation/wildlife issues that could be affected by our operations. Care will be taken where possible, in relation to safe navigation, to avoid close proximity to areas of known marine mammal habitats.

Route scheduling will consider speeds when in inshore waters and approaching harbour and where there are known areas where marine life and marine mammals tend to concentrate. Ships crews will be instructed to report any sightings of unusual behaviour or apparent problems with marine life.

SNF will also liaise directly with the Shetland Shellfish Management Organisation (SSMO) and the NAFC Marine Centre in Shetland, holding regular stakeholder meetings with them to co-ordinate agreed marine initiatives and to address issues that may be causing concern around the welfare of marine life.

4. Outcomes and benefits

The benefits of implementing a robust Environmental Management Plan are vast. Not only will it provide confidence and assurance to Transport Scotland and future customers that we are operating an environmentally safe and responsible service, but that we can offer full transparency in reporting our impact on the environment and our initiatives for protecting marine life.

We will provide management information to Transport Scotland on key deliverables such as energy consumption, the volume of waste emitted and how much waste has been recycled,

just three areas from a raft of information that can be made available upon request.

Further initiatives implemented by SNF to encourage green travel amongst staff and passengers will raise awareness around the unique environmental challenges specific to the Northern Isles. In doing so, a deeper appreciation for marine life and coastal areas will be created resulting in a more proactive and considered approach to marine conservation and the reduction of future environmental impact.

The Chief Engineer will be responsible for ensuring environmental codes and practices are met with regard to oil pollution, exhaust gas emissions and water ballast, with the Technical Manager having overall responsibility for environmental monitoring and protection.

The Serco Northlink Ferries' Health, Safety, Quality and Environment Manager will be responsible for following the guidelines of the Environmental Policy. We will seek to achieve continuous improvement with incrementally improving targets set across our operational term.

Signed for and on behalf of the Scottish Ministers	Signed for and on behalf of Serco Ltd
Signature.....	Signature.....