

Appendix C

(Some parts are commercially sensitive and have been redacted)

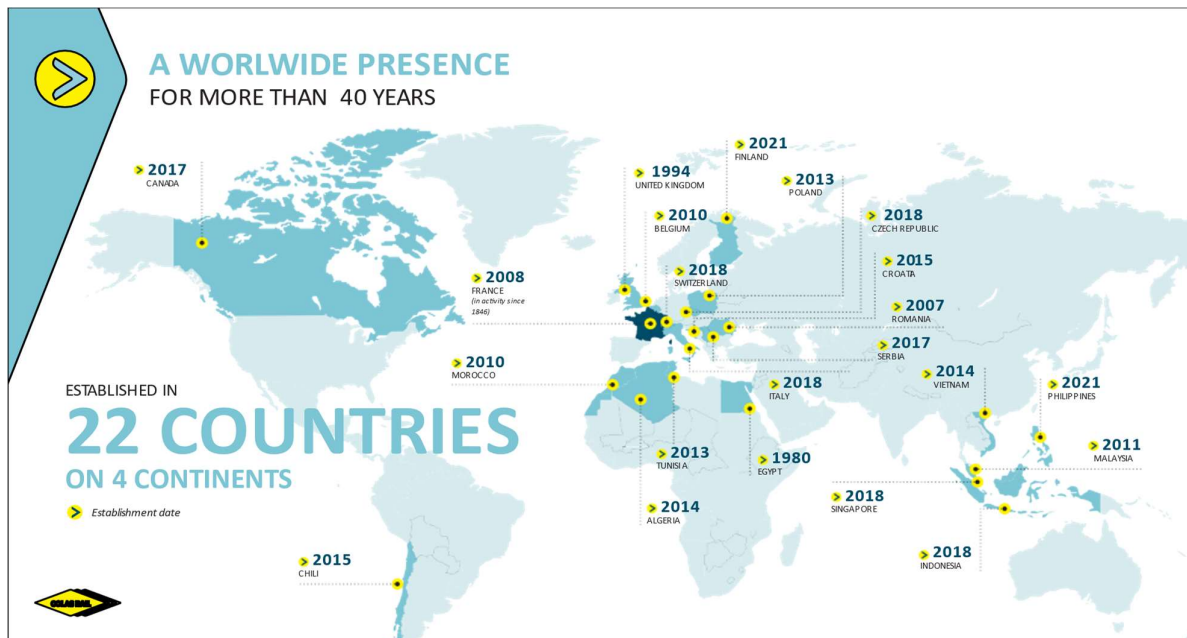
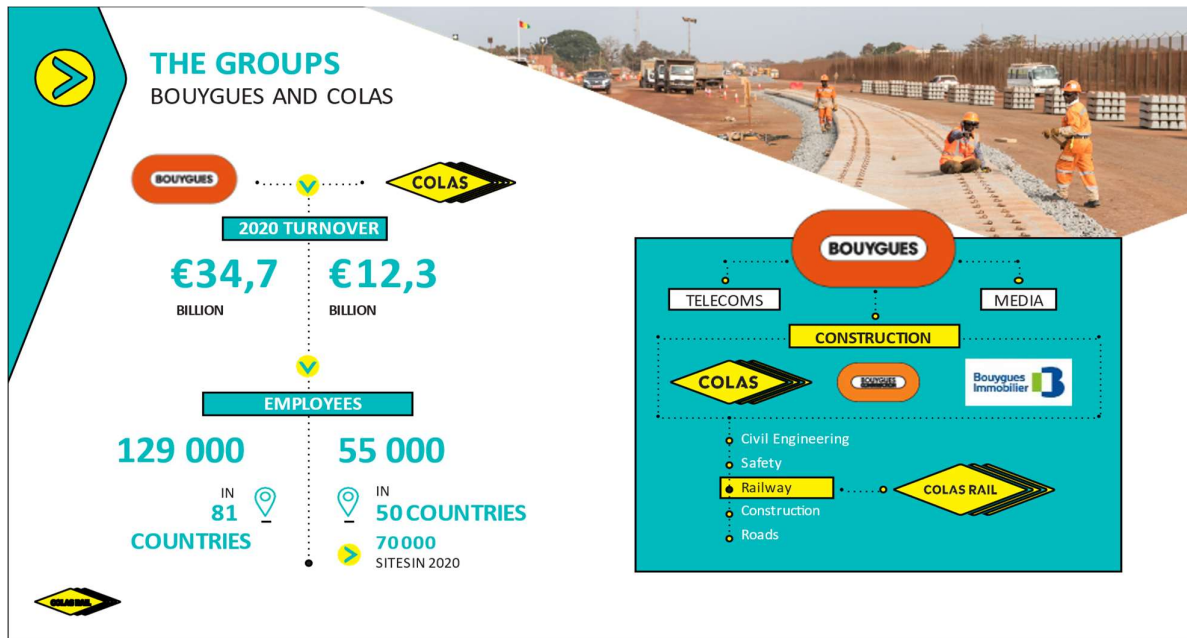
Information to support the extension of existing Colas Rail Firm Access Rights

from December 2026 to December 2030

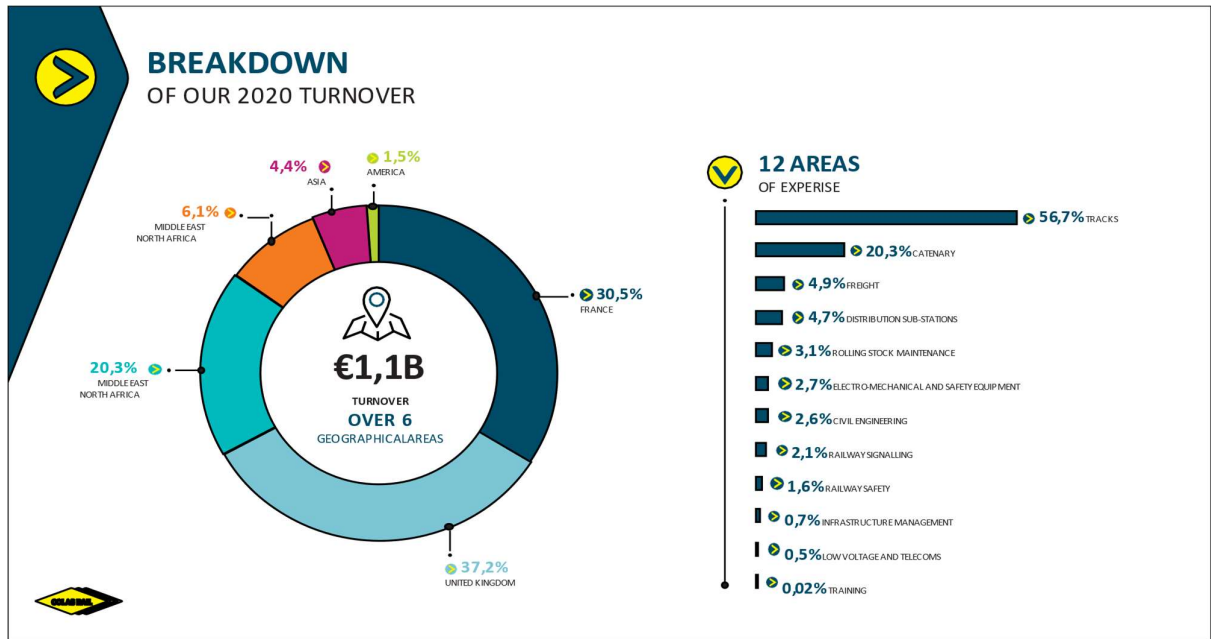
(7th Supplemental)

Background

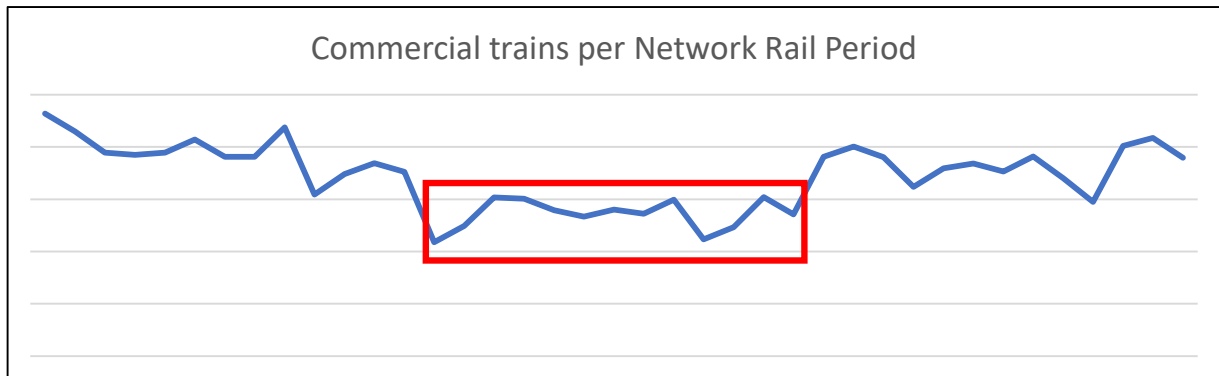
Colas Rail UK is part of a group, operating around the world.



Freight accounts for 4.9% of the group's turnover, and the UK (across all areas of activity) is the group's largest market.



Effect of Covid



Colas Rail saw a 30% drop in train numbers over the Covid period, with a consequent drop in revenue.

The Colas Group took the decision to support the UK operation, and consequently the company did not make any redundancies or dispose of any assets.

Recovery from Covid has been slow, taking until Period 8 of 2021/22 before train numbers exceeded pre-covid volumes.

The effect of Covid has been to divert funds away from investment to support the business.

The extension of the Track Access Contract (TAC) will give Colas Rail continuity of service and will allow investment decisions to be made at an earlier time.

Customer base

Colas Rail operates commercial services for a growing number of customers. In addition, we also operate Infrastructure Monitoring (IM) and Supply Chain Operations (SCO) trains on behalf of Network Rail. It is important to stress that the IM and SCO services are not commercial services and are therefore not supported by Access Rights in Colas Rail’s Track Access Contract. These services do not form any part of this TAC extension application.

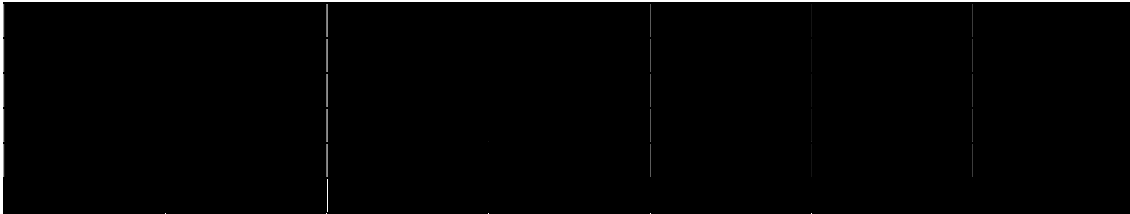
In the commercial arena, Colas Rail are active in the Petroleum, Construction, and Industrial Minerals sectors. A large number of these trains are seen by Network Rail as priority services and have been categorised as “must run” in the recent strike planning workshops. These workshops have shown that if these services are not run, the downstream impact will be felt within 36 hours.

This clearly shows the value to both the customer, and the UK economy as a whole.

Colas Rail operate the only commercial timber flows. These involve using specialist wagons and ground-staff and have been successfully operated by this company for many years.

Looking forward, the company has several active tender submissions, and is looking to expand its UK operations, and has recently won a major contract with a new customer.

Our existing customer base is shown below (with contract end dates);

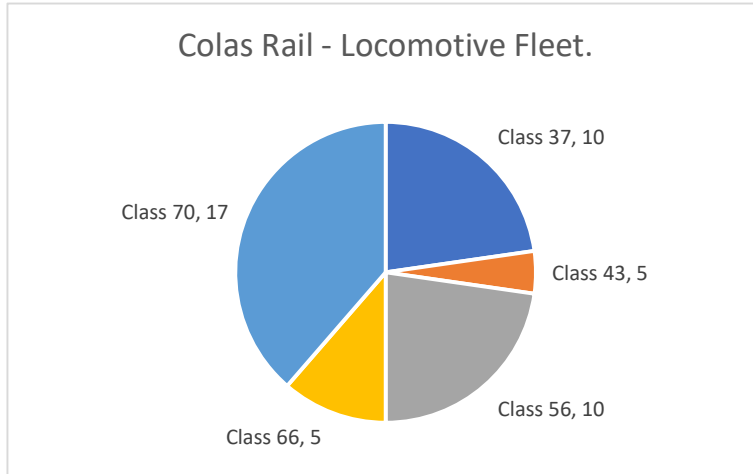


The above table shows that during 2022 to 2025 [redacted] come up for renewal, and all these renewals will take this traffic into the extension period that is being discussed.

Colas Rail will need to make significant investments to renew these contracts. These investments will cover updating of systems, rolling stock, and increased employment within key roles.

Locomotive and Wagon Provision

Colas Rail operates a fleet of 47 mainline locomotives, split across 5 different classes, which the following chart demonstrates. Over the last ten years, the company has invested in excess of £70 million in its fleet of Class 66 and Class 70 locomotives. We also maintain three Network Rail class 97s.



The older class locomotives are still in daily use but are becoming life expired in terms of age and environmental impact.

Locomotive utilisation is high, and to support further expansion, investment in more traction capability will be required. Investment projects are underway looking at what options are open to Colas Rail for securing more traction resources.

Colas Rail’s business model has historically been built around “hook and haul” type work, as well as utilising wagons on short term leases. With the expansion of the freight market, the availability of these types of wagons has all but evaporated. This is causing Colas to look at changing its model and investing in wagons on long term leases.

Acquiring new rolling stock is a very major investment for Colas Rail. The investment risk is high, with long term commitments having to be made. Extending the TAC, allows us to present a stronger investment case to our shareholders.

Personnel

Colas Rail employs circa 300 people. This is split as follows;

- Drivers and Ground-staff ■
- Management and support staff ■
- Shared resources with Colas Rail Services ■

Locations

Colas Rail's main operations centre is based in Rugby.

We also have many depots, maintenance, stabling and fuelling points spread across the UK to support our Freight services;

- In the south, Westbury, Eastleigh, and Hoo Junction are all used for maintenance, fuelling and stabling.
- In the midlands and north, Rugby, Coleham, and Doncaster depots are used for maintenance, fuelling and stabling. Crewe (training centre and offices), Carlisle (offices), as well as additional fuelling points at Chirk and Carlisle.
- In Scotland, shared space in Oxwellmains for maintenance and fuelling, as well as shared access to Slateford depot for maintenance.

Current investments

Earlier in this document we stated that covid had had the effect of diverting funds away from investment to support the business.

This did not mean that no investment has taken place. Colas Rail are currently investing in;

- Class 70 Gauge clearance – [REDACTED]
- Forward facing cameras – to be fitted to all locomotives. This will aid SPAD prevention and help demonstrate best practice.
- New rostering software – [REDACTED]
- Number of training campaigns, [REDACTED]

Environmental

Introduction of electric cars and vans to our fleet.

Review of alternative fuels (HVO, Hydrogen fuel cells, Electric) to reduce our carbon footprint.

Looking into options to install stop-start initiative for all locomotives to reduce carbon footprint.

Use of recycled PPE

Colas Rail UK as set up a dedicated Carbon reduction team as part of Colas Rail Group mandate across all Colas Rail companies internationally. Colas Rail Group strategy to achieve net zero by 2050. There are monthly workshops to review progress and introduce new initiatives across the company.

Why do Colas require a Track Access Agreement extension?

The current contract expires in December 2026, and Colas Rail are seeking to extend this to December 2030.

All Colas Rail UK's funding comes from the international group. Therefore, applications for investment are measured against risks / returns of other projects around the world.

Colas Group has shown through the covid period that it is prepared to support the UK business. Extension of the TAC to 2030 will give our shareholders renewed confidence in both the UK rail industry, as well as Colas Rail itself, and will support our investment strategy.

The UK rail freight market has shown strong growth, and this is predicted to continue year on year. To support our customer base, Colas Rail is reviewing the following long term investments;

1. Investment in additional and most environmentally friendly locomotives, [REDACTED]
2. Investment in rolling stock, [REDACTED]
3. Investment in systems – [REDACTED]

Shorter term investments will include;

1. Recruitment of additional traincrew through the Trainee Driver and Apprentice Scheme, shunter up-skilling project, as well as recruiting additional experienced drivers nationwide
2. Recruitment of additional back-office staff.
3. Upgrading all Colas Rail welfare facilities nationwide to provide better welfare to staff

The above investments will result in;

- Colas Rail continuing to provide its customers with a high level of reliable service.
- Colas Rail to grow within the expanding rail freight market.
- Allow the company to maximise the utilisation of its assets, supporting the investment decision, and increasing confidence in future decisions.
- Lower our carbon footprint, by planning more efficient services which are operated by modern rolling stock

We believe that if the Track Access Contract extension is not granted, this will slow the development of the UK rail freight market, which will obviously mean that more product will be moved by road. There is no guarantee that this traffic will ever move to rail in the future.