CALEDONIAN SLEEPER

CALEDONIAN SLEEPER LIMITED (CSL)

MINUTES OF INTERIM BOARD MEETING

Wednesday 3 April 2024, 15.00 – 16.00

Microsoft Teams

Present: David Lowrie (Non-Executive Director – Chair), Kathryn Darbandi (Managing Director), Graeme Eastwood (Operations Director), Carolyn Griffiths (Non-Executive Director), John MacQuarrie (Non-Executive Director) and Graham Kelly (Commercial & Procurement Director)

In attendance: Hugh Anderson (Finance Director), [redacted] (minute taker)

Apologies: Emma Dixon (Non-Executive Director), Sam Price (CSL General Counsel)

Item No.	Item

1. Welcome

The Chair welcomed all to the meeting. An interim Board meeting had been called to discuss Mk5. T-Slot cracking

2. Apologies for absence and quorum

Apologies were received from ED and SP. The meeting was quorate.

3. Mk5. T-Slot cracking update

The Managing Director provided an update on the identified issue:

- No further cracks have been found in the fleet. Regular inspections are ongoing.
- The guest service team have executed all cancellations via one-to-one phone calls to mitigate the reputational risk. So far, there has not been any fallout which is testament to the team.
- [redacted]

CSL's Audit and Risk Committee are meeting in the week beginning 8 April to review the risk register to reflect additional risks arising from the cracking issue.

The Managing Director presented risks in order of concern:

1. Reputational (including risk level for catastrophic failure and large-scale cancellations).
2. [redacted]
3. Financial.

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[redacted]

[redacted] The Managing Director confirmed that written briefings which were tabled at CSL Board meetings regarding the cracking have also been presented to Scottish Rail Holdings and a wider Audience [redacted]

The Operations Director presented a technical update. The Board **noted** the following:

- Checking and inspections is the only mitigation available now.
- [redacted]
- CAF are now re-considering the proposed initial interim solution given the length of time it will take for the permanent solution.
- CAF are also considering dynamic assessment/modelling
- [redacted]
- Parallel CAF team is working on a temporary solution.
- [redacted]

[redacted]

The Board **noted** that sales and contingency scenario planning is underway, but cancellation action (if required) will be dictated by the types of coaches that any more cracks appear in. More detail will be provided at the next CSL board to show the revenue and guest impact of more cracks and/or taking a proactive approach to slowing sales down.

Carolyn Griffiths asked for some clarification regarding NDT testing and whether this had been robustly thought through and the dynamic modelling that CAF were now undertaking. Graham Eastwood will provide more detail.

The Board **noted** the need to keep TS informed, which John McQuarry would take the lead on. (**TS**). The Board requested a clear indication from CSL Executive of what is required from TS before escalation although it was noted it is difficult to give a clear recommendation as the situation is very unpredictable. [redacted] The Managing Director was asked to consider and report back.

The Board noted that a further update will be provided at the April Board. In the meantime, the Board **agreed** that JM should discuss with TS in advance of written communication.

4. Date of next meeting

Wednesday 17 April 2024, Pacific House, Glasgow