

**London General Transport Services Limited
(the “Company”)**

The following Section 172(1) Statement and corporate governance arrangements disclosure have been extracted from pages 7 to 9 and pages 12 to 14 respectively of the Company’s Annual Report and Financial Statements for the 18-month period ended 31 December 2023 (the “Annual Report”). All page references in the extract which follows refer to the Annual Report which is available at Companies House.

Compliance with Section 172(1) of the Companies Act 2006

This report sets out how the directors comply with the requirements of Section 172(1) of the Companies Act 2006 and how these requirements have impacted the Board’s decision-making throughout the period ended 31 December 2023.

The likely consequences of any decision in the long term:

Principal board decisions are based on a consideration of, and seek to align with, the purpose and strategy set by The Go-Ahead Group Limited’s investors, Kinetic TCo Pty Ltd (Kinetic) and Global Via Infraestructuras SA (Globalvia), for The Go-Ahead Group Limited (Go-Ahead) and its subsidiaries (together the Go-Ahead Group) as a whole. Our key stakeholder groups are identified as most likely to be affected by the principal decisions of the Company and include our passengers, Transport for London (TfL), our people, our strategic partners and suppliers, our government, our communities and the wider Group.

Views of stakeholders are included in Board papers and inform the principal decisions, the process for which includes balancing competing interests, whether short or long term. The impact on each stakeholder group forms an integral part of board debate, with adequate time provided in board meetings for such discussion and directors having the opportunity to request clarification or further information from management.

Examples of principal decisions taken during the 18-month period were our investment strategy and electrification of garages and financial performance during a period of high inflation.

The interests of the Company’s employees:

The Company has an experienced, diverse, and dedicated workforce which it recognises is fundamental to its success, both in the short and long term.

Health, safety, and wellbeing of the workforce is a top priority for the directors and is promoted through the Company’s engagement strategy. The Board uses a variety of methods to engage with the workforce such as colleague engagement surveys, effective leadership and line management, communication through the Company intranet, newsletters, forums and ad hoc meetings, colleague training programmes and workshops, performance and development reviews, Board and senior management site visits and engagement with trade unions. Additionally, business update presentations and regular forums keep employees informed and involved in performance and aware of financial and economic factors affecting the Company.

The effect of this engagement creates a constructive, two-way dialogue, ensuring colleagues have a platform to have their voices heard. It also helps maintain a highly engaged and motivated workforce ensuring colleagues are developed through professional development and training.

The need to foster the Company’s business relationships with suppliers, customers and others:

Positive business relationships with suppliers, customers, government and other key stakeholders underpin the Company’s delivery of services.

Passengers

Communication methods used during the period such as online communications, customer satisfaction surveys, customer facing colleague feedback, and customer, industry and onsite events identified priority areas for improvement to maintain our high level of customer satisfaction and enabled us to respond quickly and effectively to meet changes in customers' needs and preferences.

Transport for London (TfL)

As our primary customer, the Company engages with TfL both operationally and strategically. Participation in London-wide Bus Operators' Forums and partnering with TfL on high profile stakeholder events enables the Company to apply the best standards of practice and ensure that public service transport continues to meet the changing needs of our passengers.

Our People

See "The interests of Company's employees above".

Strategic Partners and Suppliers

During the period, the Company engaged with strategic partners and suppliers through joint membership of industry groups, collaborative working with partners, engagement groups, periodic surveys of current suppliers and regular meetings.

Relations with suppliers are guided by The Go-Ahead Group Limited's Sustainable Procurement Supply Chain Charter, particularly in relation to dealings with smaller suppliers, which can be found in the sustainability section of the The Go-Ahead Group Limited's website.

Government

Working closely with both central and local government enables us to contribute our private sector experience and expertise to the public agenda and produce better policy outcomes and service delivery. Examples of engagement during the period included ongoing engagement with government bodies and clients, such as the DfT, membership of the All Party Group on environment, participation in various expert working groups, select committees and government consultations, engaging in policy discussions over key industry topics and advising on delivery implementation, ongoing dialogue TfL, membership of the Zemo Partnership, membership of International Association of Public Transport and partnering with campaign groups such as Campaign for Better Transport.

The Go-Ahead Group Limited (Go-Ahead)

Quarterly Business Review Board meetings held during the period facilitated the opportunity to meet with Go-Ahead's Group Executive Team ensuring the Company's long-term strategy was aligned with the interests of the Go-Ahead Group and the potential growth of the business was maximised. Detailed Board meeting papers also provided updates relating to financial and non-financial performance and the position of the business. Additionally, cross-business forums served to facilitate the sharing of knowledge, ideas and best practice.

Communities

See "The impact of the Company's operations on the community and the environment" below.

The impact of the Company's operations on the community and the environment:

As an operator of public transport, the Company aims to enhance the lives and wellbeing of every community where it operates by providing them with vital transport services. Engagement with this key stakeholder group helps us to understand their needs and how we can further contribute to the communities we serve from an economic, social and environmental perspective.

Environmental considerations are central to the strategy of the Go-Ahead Group, and therefore to the Company. The Go-Ahead Group has committed to reduce carbon emissions by 75% by 2035, and consolidating zero emissions capabilities is one of five key enablers underpinning the Go-Ahead Group's strategic priorities. Further information on the Go-Ahead Group's approach to environmental considerations can be found in The Go-Ahead Group Limited's Annual Report & Accounts 2023 published on www.go-ahead.com.

The desirability of the Company maintaining a reputation for high standards of business conduct:

The directors acknowledge their responsibility for setting and monitoring the Company's culture, values and reputation. Management drives the embedding of the desired culture through the organisation and the Board monitors adherence to our policies and compliance with local corporate governance requirements across the Company to ensure that high standards of business conduct are upheld. This is undertaken in line with Go-Ahead's purpose and values and the Go-Ahead Code of Conduct which sets out what is expected from colleagues and stakeholders to ensure they protect themselves as well the Go-Ahead Group's reputation and assets.

The need to act fairly as between members of the Company:

The Company's immediate parent and controlling party is Go-Ahead Holding Limited which in turn is owned by The Go-Ahead Group Limited (Go-Ahead). The ultimate parent company and controlling party of Go-Ahead Holding Limited and Go-Ahead, and therefore the Company is Go-Ahead Investment Topco Limited, previously Gerrard Investment Topco Limited (Topco) which is indirectly owned by Kinetic TCo Pty Ltd (Kinetic) (51%) and Global Via Infraestructuras SA (Globalvia)(49%).

The Group is structured around a devolved operating model and the Company is managed by its board of directors as a standalone business unit.

Corporate governance arrangements

During the year, the Company applied the Wates Corporate Governance Principles for large private companies (the Wates Principles). The Wates Principles are published by the Financial Reporting Council (the FRC) and are available on its website. The way in which the Company applied these principles is set out below.

Principle 1 - Purpose and leadership

Purpose, Values and Culture

The Company is a subsidiary of The Go-Ahead Group Limited (Go-Ahead) and therefore is aligned to Go-Ahead's mission which is "We're here to connect people and communities, today and tomorrow. We do this by caring for our customers, our community, our people, our assets and the environment." Within that context, the Company's purpose is to 'take care of our customers' changing needs today, tomorrow, and always. Today, we strive to provide a reliable service that people can trust. Tomorrow, we will help to create a London where every journey is taken care of. We will always strive to maintain our position of being London's 'Bus Operator of choice'.

The Company is also aligned to Go-Ahead's values which are care for our customers, care for our people, care for our assets and care for the environment. Our purpose and values have been integrated into the Company's functions and business operations through corporate videos, our intranet 'The Hub', emails, posters and, the Company magazine, "Bus Talk". Purpose and values are also embedded in our induction and onboarding programmes.

The Company's values and behaviours contribute to its culture, which is monitored through customer satisfaction surveys, colleague engagement pulse surveys, public correspondence, stakeholder surveys, absenteeism, and turnover key performance indicators. The Company benefits from Go-Ahead's Code of Conduct and its policy and framework for the workforce to raise concerns about misconduct and unethical practices.

Further details regarding engagement with key stakeholders and its impact on principal decisions are set out in the Section 172 Statement on pages 7 to 9.

Strategy

Go-Ahead's strategy aims to deliver profitable and sustainable growth and is supported by three strategic priorities: performance improvement; organic and external growth; and the leverage of existing capabilities and resources to progress new opportunities. Under this umbrella, the Company's own specific strategic objective is to maintain a sector leading performance and market position. This has been clearly articulated and implemented throughout the Company through strong and effective management, providing high quality and cost-efficient operations whilst seeking expansion through additional contract wins and value adding acquisitions. In pursuing this objective, the Company's board of directors is responsible for balancing short-term imperatives with long term strategic intentions. For further information on Go-Ahead's business model please visit www.go-ahead.com.

Principle 2 – Board Composition

Chair

Go-Ahead's Group Chief Executive chaired meetings of the Company's board of directors up until his departure on 31 October 2023, following which Miguel Parras was appointed Go-Ahead's Chief Executive and held regular meetings with the Company's management.

Balance and diversity

The board comprises members with the appropriate skill sets and experience, and includes key operational roles – the Managing Director, Finance Director, Operations Director, and Engineering Director. Appointments to these roles are based on merit, and each individual appointed is experienced both in their field of expertise and in the wider transport industry in which the Company operates. As a subsidiary within the Go-Ahead Group, the Company applies Go-Ahead's Equal Opportunities, Diversity & Inclusion Policy.

Size and structure

The number of directors appointed to the Company's board is calibrated to the size and complexity of the Company's operations. As the board benefits from the support of Go-Ahead's Executive Committee, it considers the appointment of independent non-executive directors to be unnecessary.

Effectiveness

The Company's board held meetings during the financial period addressing standing agenda items, and meeting papers were circulated to all directors in advance to allow sufficient time for preparation. All directors are expected to attend all meetings of the Company's board. Attendance and contribution to board discussions is a key element of the Company's senior leadership roles. Directors are encouraged to be proactive and identify their own training and development needs and where they would like additional information to ensure they are adequately informed about the Go-Ahead Group. Further support is available to the directors from both Go-Ahead's Company Secretary and its Legal Director.

Whilst a formal board evaluation does not take place, individual director effectiveness is assessed by functional key performance indicators and formal appraisal interviews.

Principle 3 – Director Responsibilities

During the period, the Board received regular and timely information on all key aspects of the business, including on health and safety, risks and opportunities, the financial performance of the business, strategy, operational matters, market conditions and sustainability. These were all supported by Key Performance Indicators (KPIs). An updated corporate plan for at least the next three years is approved by the Company's management on an annual basis. Information presented to the Board is subject to robust challenge and debate by the directors, ensuring that systems and controls are operating effectively and the quality and integrity of information provided is reliable.

Conflicts of interest, including interests in a proposed transaction or other arrangement, are a standing board agenda item that requires directors to declare any actual or potential conflicts or interests they might have.

During the period, the Company's corporate governance practices were set out in the Group Policies and Procedures Manual which is reviewed and updated as necessary by Go-Ahead to ensure that it remains fit for purpose.

Under Go-Ahead's devolved operating model, the board is responsible for the day-to-day running of the Company's business but remains accountable to Go-Ahead for business performance and compliance with key Go-Ahead policies.

Principle 4 – Opportunity and Risk

Opportunity

As the Company forms part of The Go-Ahead Group Limited (Go-Ahead) and its subsidiaries (the Go-Ahead Group), the Company's board of directors makes a business plan proposal to Go-Ahead as part of Go-Ahead's annual corporate plan. The proposal includes any growth opportunities that have been identified, and these are considered by Go-Ahead's board of directors as part of the Go-Ahead board's strategic discussions and corporate plan approval process. With support from Go-Ahead, the Company's

board is responsible for implementing the proposal. Information on stakeholders is set out on page 7 to 9 of the Section 172 Statement.

Risk

Assessment of principal and emerging risks is considered periodically with reporting summarising the Company's principal and emerging risks together with their mitigations. Risks that could have a material implication for Go-Ahead are escalated to the Go-Ahead board for consideration.

Responsibilities

The Company benefits from the Go-Ahead risk management and internal control framework, and aligns with Go-Ahead's risk appetite, but remains responsible for identifying emerging and established risks facing the Company. The Company's principal risks are set out on page 3.

Principle 5 – Remuneration

There is a common approach to remuneration principles across all Go-Ahead's businesses, including the Company. Reward should be sufficient to attract and retain appropriate talent and it should support the delivery of business strategy. Remuneration of the Company's board of directors is determined with reference to the experience and expertise of each director, the relative size of the Company, local market conditions and the relative value compared against the wider Company workforce pay and conditions. Directors' emoluments are set out on page 35.

Principle 6 – Stakeholder Relationships and Engagement

A description of how the Company's board of directors has fostered effective relationships and overseen meaningful engagement with stakeholders is set out in the Section 172 Statement on pages 7 to 9.

Stakeholder interests

A summary of how the directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the Company during the financial period, is set out in the S172 (1) statement on pages 7 to 9.