

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

The following Section 172(1) Statement and corporate governance arrangements disclosure have been extracted from pages 4 to 10 and from pages 16 to 18 respectively of the Company’s Annual Report and Financial Statements for the year ended 2 July 2022 (the “Annual Report”). All page references relate to the Annual Report (available at Companies House).

Section 172 of the Companies Act 2006 Statement

In their discussions and decisions during the year, the directors of the Company acted in a way that they considered, in good faith, was most likely to promote the success of the Company for the benefit of its sole member. In doing so, they had regard to the Company’s key stakeholders and the matters set out in section 172(1)(a)-(f) of the Companies Act 2006 as explained below.

The likely consequences of any decision in the long term:

The directors recognise that their decisions will have an impact on the Company’s long-term success. Board discussions take account of all stakeholder interests, and the decision-making process includes balancing competing interests, whether short or long term. Decisions may benefit some stakeholders more than others, and the impact on each stakeholder group forms an integral part of board debate. In particular, board decisions take into account and seek to align with, the purpose and strategy set by the Company’s parent, The Go-Ahead Group Limited (the “Group”), for the Go-Ahead Group as a whole. Further information on stakeholder engagement and its impact on principal decisions made during the year is set out in the respective sections below.

The interests of the Company’s employees:

The Company’s employees are fundamental to its success, both in the short and long term, and their health, safety and wellbeing is a top priority for the directors. “Health and safety”, “People and engagement” and “Industrial relations” have been mandated by the Group as items to be considered at each scheduled board meeting of every operating company within the Group, supported by detailed briefing papers circulated in advance of each meeting. The Company’s employees are a key stakeholder group, and further information on workforce engagement, outcomes from that engagement and any impact on principal decisions is set out in the stakeholder engagement and principal decisions sections below.

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. Relations with suppliers are guided by the Group’s Sustainable Procurement Supply Chain Charter, particularly in relation to dealings with smaller suppliers, which can be found, together with other related policies, on the Group website www.go-ahead.com/sustainability/policies. Further information on stakeholder engagement is set out on page 5.

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. Communities are a key stakeholder group and further information on community engagement and outcomes is set out in the stakeholder engagement section on page 5. Environmental considerations are central to the strategy of the Group, and therefore to the Company. The Group has committed to reduce carbon emissions by 75% by 2035 and consolidating zero emissions capabilities is one of five key enablers underpinning the Group’s strategic priorities. Further information on the Group’s approach to environmental considerations can be found in the Group’s Annual Report & Accounts 2022 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. This is undertaken in line with the Group’s purpose and values and the Group Code of Conduct which can be found at www.go-ahead.com/sustainability/policies.

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

The Company has a single shareholder, Go-Ahead Holding Limited and forms part of the group of companies owned by the Group. The Group is structured around a devolved operating model and the Company is managed by its board of directors as a standalone business unit. Further details are set out in the corporate governance arrangements section of the Directors' Report.

Stakeholder Engagement

Our relationships with our stakeholders are key to our success. By engaging meaningfully, we gain insights to their needs. This feedback forms part of our decision making process at every level of the business. The examples which follow demonstrate consideration of the matters set out in Section 172 of the Companies Act 2006.

The Go-Ahead Group Limited (the Group)

We provide the Group with open and transparent information and encourage two-way communication. Feedback from the Group forms part of the strategic Board discussions. We operate our business responsibly and with strong financial discipline to protect the interests of the Group.

Why we engage

- To ensure that our long term strategy is aligned with the interests of the Group
- To explain how we aim to deliver sustainable growth and maximise the growth potential of the business
- To provide updates relating to the financial performance and position of the business
- To ensure the views of the Group are considered in policy setting and aligned to its ESG agenda

How we engage

- Face-to-face meetings and phone calls with the executive directors of the Group
- Cross-business forums that serve to facilitate the sharing of knowledge, ideas and best practice

Key topics of engagement during the financial year

- Takeover
- Strategy and business model
- Financial performance
- Liquidity and balance sheet strength
- Risk management
- Passenger demand and travel pattern
- ESG performance
- Growth potential
- Succession planning
- Political environment
- Ownership changes within the London bus sector
- Transport for London's bus strategy, associated funding and ongoing recovery from COVID

How we responded

- Commitment to transparent reporting with clear communication of the business model and strategic priorities
- Regular updates as COVID-19 scenarios evolved
- Strong financial discipline and cash control

Transport for London (TfL)

As our primary customer, the Company engages with TfL both operationally and strategically.

Why we engage

- To apply the best standards and practice
- To ensure that public service transport continues to meet the changing needs of our passengers and to keep London moving

How we engage

- The Managing Director takes an active role in the London-wide Bus Operators' Forum (BOF)
 - Dedicated groups on specific subjects e.g. Safety BOF and Engineering BOF. These forums discuss any issues in the network and drive forward current initiatives
 - By partnering TfL on high profile stakeholder events
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How we responded

Regular calls with TfL to maintain performance standards in light of labour shortage along with project meetings to delivery new electric vehicle technology and initiatives.

Our people

Our business is built by colleagues whose commitment, innovation and ambition help deliver the best possible transport service to our customers. We have an experienced, diverse and dedicated workforce who we recognise as a key asset of our business and to whom we have a strong commitment to personal development.

Why we engage

- To maintain a highly engaged and motivated workforce
- To create a constructive, two-way dialogue, ensuring colleagues have a platform to have their voices heard
- To promote wellbeing and ensure the safety of our people
- To understand how we can best provide a supportive and collaborative workplace
- To ensure alignment between people agenda and business strategy
- To encourage equal opportunities and a more diverse workforce
- To ensure we develop colleagues through professional development and training
- To deliver continuous improvement for our users

How we engage

- Defined new values and behaviours for leadership
- Colleague engagement surveys
- Effective leadership and line management
- Communication through the intranet, newsletters, forums, colleague app and ad hoc meetings
- Performance and development reviews
- Colleague training programmes and workshops
- Focus on development and succession planning
- Business update presentations
- Board and senior management site visits
- Annual management conference
- Engagement with trade unions

Key topics of engagement during the financial year

- Health, safety and wellbeing
- Diversity and inclusion
- Maintaining and continually improving colleague engagement
- Development and training opportunities
- Opportunities for progression
- Opportunity to share ideas and make a difference
- Flexible working
- Modernising and transforming working environments
- Colleague recognition and reward
- Menopause in the workplace
- Working throughout the COVID-19 pandemic, job security and pay
- Proactive themed engagement, such as International Women's Day

How we responded

- Increased colleague engagement and communication
 - Development of health and wellbeing initiatives
 - Continued dialogue to understand likely scenarios around return to office working
 - Continued focus on diversity and inclusion, including the maintaining relevant KPIs introduced last year
 - Employee apps across operations for safer and more efficient working
 - Support for remote working practices to balance childcare/home-schooling, etc. where appropriate
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Passengers

Passengers are at the heart of the business and we are dedicated to providing them with safe, convenient and reliable services. We understand our local markets and strive to exceed our passengers' expectations.

Why we engage

- To identify priority areas for improvement in order to maintain our high level of customer satisfaction
- To respond quickly and effectively to meet changes in customers' needs and preferences
- To fully understand the needs of our main customer TfL but also our other diverse customer groups
- To improve or maintain a high quality, reliable and safe passenger transport service
- To enable us to deliver new and innovative products and integrated, customer focused solutions
- To maintain a reputation for high standards of business conduct

How we engage

- Online communications – website, newsletters, emails, social media and blogs
- Customer satisfaction surveys
- Continual review of customer feedback
- Customer-facing colleague feedback
- Customer, industry and on-site events
- Collaboration on product innovation and service design
- Correspondence analysis (commendations / complaints)

Key topics of engagement during the financial year

- Reliability and punctuality of services
- Safety measures
- Overall on-board experience
- Colleague training and development
- Accessibility and passenger support

How we responded

- Enhanced safety features and cleaning regimes maintained
- Dedicated performance management teams that focus on delivering to high performance standards
- Training of staff on customer announcements, interaction and information sharing

Suppliers

Our suppliers are fundamental contributors to the success of our business. Regular meetings and forums are held to manage relationships, understand challenges and to source

Why we engage

- To develop strong relationships and understand challenges
- To ensure closer alignment of values and business ethics
- To source, identify and implement new solutions and alternative ways of working
- To ensure those with whom we work demonstrate a commitment to sustainability, employee wellness and diversity
- To ensure the effective delivery of contracts
- To enhance competitive advantage
- To effectively monitor, manage and mitigate risks in our supply chain

How we engage

- Joint membership of industry groups
 - Collaborative working with partners to deliver specific solutions
 - Engagement groups to build long term relationships
 - Periodic surveys of our current suppliers
 - A dedicated contract manager for each supplier
 - Regular meetings to discuss supplier performance and areas for improvement, identifying risk and mitigating plans
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Key topics of engagement during the financial year

- Specific industry solutions
- Long term partnerships
- Collaborative approach
- Raising standards and delivering long term goals
- Delivering value, consistency, engagement and better planning
- Sustainability challenges
- Open terms of business
- Fair contract and payment terms
- Prompt payment
- Supply chain disruption contingency planning

How we responded

- Maintained key principles introduced last year to our pre-qualification and tender documents in relation to ethical employment practices, the environment, health and wellbeing and community cohesion
- Independently assessed as working in compliance with the sustainable procurement standard ISO 20400
- Setting targets on payment performance and complying with the Prompt Payment Code
- Enhanced our Sustainable Procurement Charter with a target of 33 per cent controllable spend on local businesses by 2023
- Continued engagement with local transport authority providers at multiple levels

Government and local authorities

Policy and regulatory change affect our bus business and create the framework through which we operate. 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.

Why we engage

- To secure recovery in passenger volumes in London that supports economic development, environmental targets and social priorities
- To promote modal shift to public transport
- To raise public transport higher up government agendas
- To influence and inform policy making
- To represent the views of other stakeholders: customers, colleagues, communities and shareholders
- To formulate innovative and attractive bids as opportunities arise
- We operate services on behalf of TfL and continually engage on matters relating to the contracts we operate

How we engage

- Ongoing engagement with government bodies and clients, such as the DfT
- Membership of the All Party Parliamentary Group on environment
- Participating 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 with local MPs and local authorities
- Membership of the Zemo Partnership
- Membership of International Association of Public Transport
- Partnering with campaign groups such as Campaign for Better Transport

Key topics of engagement during the financial year

- Passenger volume recovery
 - Financial support for the provision of bus services
 - Contractual arrangements and features
 - National Bus Strategy and reform
 - Regional bus service provision
 - Environmental policy and compliance, including climate change and transition to zero-emission
 - Active travel
 - Apprenticeships, skills and diversity
 - Proactive engagement with TfL and local authorities
 - Support for local economic plans and strategies
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- Sharing experience and expertise

How we responded

- Response and participation in consultation for Central London Service changes
- Campaigns on customer recovery and confidence, tackling loneliness, active travel and air quality, including through speaking engagements
- Responses to consultations including on future of mobility (urban and rural), and on zero-emission vehicles
- Ongoing engagement with transport authority clients in the UK and internationally regarding financial support for bus services and contractual arrangements and features

Communities

As an operator of public transport, we provide an essential public service to communities, transporting passengers to work, education, facilities and services. We strive to deliver the social and economic benefits of affordable and accessible travel in the towns and cities in which we operate.

Why we engage

- To maintain our role at the heart of our communities and play our part in helping communities thrive
- To address economic, social and environmental issues and priorities
- To find the best solutions for connecting people with family, friends, work and facilities
- To enable us to respond appropriately to the needs of our communities
- To maintain our focus on operating responsibly within society
- To achieve our environmental objectives and targets
- To support social inclusion and tackle isolation

How we engage

- Meetings with councillors, planning officers and other key officials to work in partnership for common community goals
- Continual two-way communication with local businesses and organisations
- Onsite community engagement events to understand the needs of the local community
- Collaboration with local charities, participating in volunteering and fundraising initiatives
- Regular updates through social media, our website and apps to keep communities informed

Key topics of engagement during the financial year

- Effectively managing our environmental impact
- Investment in local infrastructure
- Engaging and responding to community needs
- Direct contributions through utilising local suppliers, community volunteering, sponsorship and fundraising
- Providing timely and accurate travel information to ensure safety and adherence to government guidelines on public transport
- Investigating and investing in sustainable transport solutions
- Providing safe and affordable public transport solutions to support social mobility

How we responded

- Direct community investment through volunteering, sponsorship and fundraising
 - Local meetings with MPs, the Chamber of Commerce and Local Economic Partnership Boards
 - Regular stakeholder newsletters
 - Active member of Business in the Community 'Place' campaign
 - Contributing to policy discussion
 - Developed active travel plans for customers at bus stations
 - Open days at depots to educate local communities on the importance of public transport
 - Champions of the Government's 'Tackling Loneliness Network' via our "Chatty Bus" campaign
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Principal Decisions

Examples of key decisions taken by the Board during the year ended 2 July 2022 in accordance with Section 172 are set out below.

Decision	Acquisition of Chetan Site The Board evaluated and approved a proposal to acquire land adjacent to the River Road garage in Barking.
Stakeholders considered	The Group, TfL, Passengers, Government and local authorities, Communities
Section 172(1) stakeholder considerations and impacts	Barking and Dagenham Council aspires to build approximately 50,000 new homes in 2037. New communities will require car free mobility, creating opportunities for local bus services. Combined with the Mayor of London's commitment to grow outer London bus services, the Board concluded the Chetan site is well located to meet current, and future, demand.

Decision	Bidding for Bus Rapid Transit Contracts The Board made a decision to bid for Bus Rapid Transit services operated by local council's
Stakeholders considered	The Group, Our People, local authorities and Communities
Section 172(1) stakeholder considerations and impacts	Strategically close to established London operations and with relevant industry leading expertise, the Board concluded Bus Rapid Transit services was a growth opportunity worth exploring.

Decision	Appointment of David Cutts as Managing Director Following the appointment of John Trayner as Managing Director, London and International Bus of the Group, the Board approved the appointment of David Cutts as Managing Director for Go Ahead London, effective 1 January 2023, and subsequently Andrew Edwards as Operations Director, the effective date for which will be confirmed shortly.
Stakeholders considered	The Group, TfL, Our People, Passengers, Government and Communities
Section 172(1) stakeholder considerations and impacts	Seamless succession planning was achieved through the appointment of an experienced Managing Director and Operations Director. David Cutts and Andrew Edwards have held senior positions within the Go-Ahead Group and bring years of experience of bus operations in a regulated market (London, Singapore and Ireland)

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 (formerly The Go-Ahead Group plc) (the “Group”) and therefore is aligned to the Group’s purpose which is “Moving you and the next generation towards a smarter and healthier planet.” 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 the Group’s values which are to be collaborative, transparent, accountable, open-minded and agile. 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 the Group’s Code of Conduct and its policy and framework for the workforce to raise concerns about misconduct and unethical practices. These policies can be found on the Group’s website www.go-ahead.com/sustainability/policies.

Further details regarding engagement with key stakeholders and its impact on certain key decisions are set out in the stakeholder engagement and principal decisions sections on pages 5 and 6 respectively of the strategic report.

Strategy

The Group’s strategy, “The Next Billion Journeys”, 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. These have 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 these objectives, the Company’s board of directors is responsible for balancing short-term imperatives with long term strategic intentions.

Principle 2 – Board Composition

Chair

The Group’s Chief Executive chairs the meetings of the Company’s board of directors and promotes a culture of open and constructive debate.

Balance and diversity

The board comprises members with a range of skills and knowledge, 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 Group, the Company applies the Group Equal Opportunities, Diversity & Inclusion policy, further details of which can be found on the Group’s website www.go-ahead.com/sustainability/policies.

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 the Group's executive directors, it considers the appointment of independent non-executive directors to be unnecessary.

Effectiveness

The Company's board held four meetings during the year. In accordance with the Group's operating company board procedures manual (the "Board Manual"), board meetings addressed standing agenda items, and meeting papers were circulated to all directors in the week prior to each meeting 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. Explanation and guidance on the role and statutory duties of a director are provided to the board in the Board Manual, and further support is available to the directors from both the Group'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

Accountability

The Company's corporate governance practices are set out in the Board Manual which addresses matters such as board procedures, directors' duties and risk management. The Board Manual is reviewed and, if necessary, updated annually by the Group. Revisions are communicated to the Company's Managing Director, who is responsible for implementing any changes. Under the Group's devolved operating model, the board is responsible for the day-to-day running of the Company's business but remains accountable to the Group for business performance and compliance with key Group policies.

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. Governance processes are kept under regular review and the Board Manual is updated annually by the Group. The board certifies annually to the Group that it has complied with all applicable Group policies and procedures (including the Board Manual).

Integrity of information

In accordance with the Board Manual, every board meeting agenda includes a report from the Managing Director covering financial performance and KPIs, capital expenditure, contracts and franchise bidding, health and safety, operating and engineering performance, people and engagement, market and competition, and industrial relations.

Principle 4 – Opportunity and Risk

Opportunity

As the Company forms part of the Group, the Company's board of directors makes a business plan proposal to the Group as part of the Group's annual corporate plan. The proposal includes any growth opportunities that have been identified, and these are considered by the Group's board of directors as part of the Group board's strategic discussions and corporate plan approval process. With support from the Group, the Company's board is responsible for implementing the proposal. Information on stakeholders, and the impact on them of board decisions, is set out on page 5 and 6 of the strategic report.

Risk

Assessment of principal and emerging risks is considered at each board meeting and forms part of the board's twice-yearly risk reporting to the Group's executive directors. Reporting summarises the Company's principal and emerging risks together with their mitigations. Risks that could have a material implication for the Group are escalated to the Group board for consideration.

Responsibilities

The Company benefits from the Group's risk management and internal control framework, and aligns with the Group's stated 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 the Group's businesses, including the Company. Reward should be sufficient to attract and retain appropriate talent and it should support the delivery of business strategy. For the Group Chief Executive (and other Group executive directors appointed to the Company's board for part of the year), remuneration was determined by the Group's remuneration committee in line with Group remuneration policy. Further details of the policy and its implementation are set out in the Group annual report and accounts 2022 which can be found on the Group's website www.go-ahead.com/investors/results-reports-and-presentations. Remuneration of the remainder of the Company's board of directors is set out on page 39 and it was determined with reference to the experience and expertise of each director, the relative size of the company, local market conditions and the relative value against the pay of the wider opco workforce pay and conditions.

Principle 6 – Stakeholder Relationships and Engagement

A description of the Company's key stakeholders, how the Company's board has engaged with them and the outcomes of that engagement is set out on pages 5 to 6 of the strategic report.
