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**Go-Ahead Holding Limited  
(the “Company”)**

Pursuant to The Companies (Miscellaneous Reporting) Regulations 2018, please find set out below a Section 172(1) Statement for Go-Ahead Holding Limited. The statement has been extracted from page 4 of the Company’s Annual Report and Financial Statements for the year ended 3 July 2021 (available at Companies House) and has been made available on the website of The Go-Ahead Group plc ([www.go-ahead.com](http://www.go-ahead.com)), being the Company’s ultimate parent. The Section 172 (1) statement of The Go-Ahead Group plc (the Group) can be viewed in the Group’s Annual Report and Accounts for the year ended 3 July 2021 which are also available at [www.go-ahead.com](http://www.go-ahead.com).

**Compliance with section 172(1) of the Companies Act 2006**

During the year, the directors continued to promote the success of the Company for the benefit of its shareholder (and in turn the wider Group), whilst also having regard to the interests of a range of other stakeholders. In doing so, the Board’s desire to act fairly for its sole member, maintain a reputation for high standards of business conduct, and consider the long-term consequences of the decisions underpinned the way it operated.

The Company is a holding company for the principal subsidiaries as set out in note 10 of the Company’s financial statements and has no employees. The Company’s ultimate parent and controlling party is The Go-Ahead Group plc (the Group) which owns 100% of the Company. The Company’s only stakeholders are therefore the Group and its subsidiaries, as well as the banks with which it carries out any borrowing. Banking relationships are managed centrally by the Group and due regard is given to the Company’s lenders when key decisions are taken.

For the year ended 3 July 2021, the board comprised the Group Chief Executive and the Group Chief Financial Officer who also sat on the boards of the Group and the Company’s subsidiaries. This formed the primary communication between all stakeholders and facilitated effective open, transparent and two-way engagement, any appropriate feedback from which formed part of each board’s strategic discussions. This structure supported the board in performing its duties in compliance with the matters set out in paragraphs a-f of section 172 of the Companies Act 2006 for the year ended 3 July 2021 and to have regard for the interests of all key stakeholders, including on the principal decisions taken such as, for instance, transactional agreements, payment of dividends, board appointments and approval of accounts. For information about how the Group demonstrated consideration of the matters set out in Section 172 of the Companies Act 2006 during the year, please see its compliance statement on page 1 of the Group’s 2021 Annual Report and Financial Statements available at [www.go-ahead.com](http://www.go-ahead.com).

**Govia Limited  
(the “Company”)**

Pursuant to The Companies (Miscellaneous Reporting) Regulations 2018, please find set out below a Section 172(1) Statement for Govia Limited. The statement has been extracted from page 8 of the Company’s Annual Report and Financial Statements for the year ended 27 June 2020 (available at Companies House) and has been made available on the website of The Go-Ahead Group plc ([www.go-ahead.com](http://www.go-ahead.com)), being the Company’s ultimate parent. The Section 172 (1) statement of The Go-Ahead Group plc (the Group) can be viewed in the Group’s Annual Report and Accounts for the year ended 3 July 2021 which are also available at [www.go-ahead.com](http://www.go-ahead.com).

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

The directors confirm that, during the year, they continued to promote the success of the Company for the benefit of all stakeholders. In doing so, the Board’s desire to act fairly for its members, maintain a reputation for high standards of business conduct, and consider the long-term consequences of the decisions they take, have underpinned the way it operates.

The Company is the holding company of the Group’s train operating companies, London & South Eastern Railway Limited and Govia Thameslink Railway Limited owning 100% of the issued share capital in each of these subsidiaries. The Company also continues to hold 100% of the called up share capital of the non-operating companies New Southern Railway Limited, Southern Railway Limited and London & Birmingham Railway Limited which only continue to exist for the foreseeable future until all liabilities are cleared. The Company’s ultimate parent and controlling party is The Go-Ahead Group plc and it is owned 65% by the Group and 35% by Keolis (UK) Limited. The Company is a vehicle to bid for rail franchises with our joint venture partner Keolis and deals solely with intercompany entities, the key stakeholders of the Company are therefore the Group, Keolis, Southeastern and GTRs. The Company does not have any employees, customers or suppliers.

The board believe that effective communication and proactive engagement with the Group and its members is paramount in establishing a mutual understanding of objectives. During the year, the Group executive directors, the Group Managing Director of Rail Development and two designated Keolis directors sat on the boards of each of the Company, Southeastern and GTR. This facilitated effective open, transparent and two-way engagement between all companies, the feedback from which formed part of each board’s strategic discussions. The Group executive directors formed the primary communication route between the Company and the Group. This structure supports the board in performing its duties in compliance with the matters set out in paragraphs a-f of section 172 of the Companies Act 2006 and to have regard for the interests of all key stakeholders, including on the principal decisions taken (for example decisions relating to direct awards and emergency measure contracts; bid submissions; payment of dividends; board appointments; and approval of accounts)

**London and South Eastern Railway Limited  
(The “Company”)**

Pursuant to The Companies (Miscellaneous Reporting) Regulations 2018, please find set out below a Section 172(1) Statement and Corporate Governance Report for London and South Eastern Railway Limited. The following Section 172(1) Statement and Corporate Governance Report have been extracted from pages 11 to 21 of the Company’s Annual Report and Financial Statements for the year ended 3 July 2021 and has been made available on the website of The Go-Ahead Group plc ([www.go-ahead.com](http://www.go-ahead.com)), being the Company’s ultimate parent. The Section 172 (1) statement of The Go-Ahead Group plc (the Group) can be viewed in the Group’s Annual Report and Accounts for the year ended 3 July 2021 which are also available at [www.go-ahead.com](http://www.go-ahead.com).

**Section 172 of the Companies Act 2006 Statement**

This report sets out how the directors comply with the requirements of Section 172 of the Companies Act 2006 and how these requirements have impacted the Board’s decision making throughout the year ended 3 July 2021.

**The role of the board and how it operates**

The Board is responsible for creating and delivering long term sustainable value for the business. The Board is responsible for considering the varying interests of the business, including those of its parent company, colleagues, customers and the communities it served.

The composition of the Board and how it operated throughout the year is set out under Principle 2 (Board Composition) of our Corporate Governance Report on page 10 and 11 of this document.

During the year, the focus of the Board was on the operational performance of the Southeastern franchise. However, an important area of focus for the Board following the end of the financial year was the circumstances relating to the Southeastern franchise. As noted in the strategic report, the behaviours which contributed to the failings in relation to the management of the Southeastern franchise with the DfT did not reflect the values that the directors of the Group or Company expected from colleagues, nor did they meet the expected standards of conduct and governance. For further information on this issue and the Company’s response to it, please see pages 3 to 5 of the Company’s Annual Report and Financial Statements for the year ended 3 July 2021 and principle 1 on page 10 of this document. Following the DfT’s decision to appoint the OLR, the Company has no ongoing commercial activities. The primary focus of the Board is now the transfer of trade assets and liabilities to the OLR, collection of outstanding debts and settling remaining liabilities from its previous business activities. For further information please see page 7 of the Company’s Annual Report and Financial Statements for the year ended 3 July 2021.

**Board governance**

The board has chosen to apply the Wates Corporate Governance Principles for Large Private Companies for the year ended 3 July 2021. These principles provide a code of corporate governance for large private companies to raise awareness of good practice and over time to help to improve standards of corporate governance. They also support directors to meet the requirements of Section 172 of the Companies Act 2006 by providing guidance on the following areas:

- Purpose and leadership;
- Board composition;
- Director responsibilities;
- Opportunity and risk;
- Remuneration; and
- Stakeholders.

The Corporate Governance Report, which evidences how the Company applies the principles, follows the strategic report in the Company's 2021 Annual Report and Financial Statement (pages 9 to 15 of this document).

#### **Compliance with section 172(1) of the Companies Act 2006**

The directors are mindful of their duty to promote the success of the Company for the benefit of its shareholder having regard to the interests of a range of other stakeholders. In doing so, the Board's desire to act fairly for its parent, maintain a reputation for high standards of business conduct, and consider the long-term consequences of the decisions they take, have underpinned the way it operates its business. Further details are set out below.

#### ***Section 172(1)(a) and (e) - the likely consequences of any decision in the long term and the desirability of the company maintaining a reputation for high standards of business conduct***

During the year, the directors sought to listen to and engage with the Company's stakeholders. Please refer to Principle 6 in the Governance Report on pages 13 to 15 of this document for further details on why and how we engaged with our stakeholders and examples of how we responded. We worked closely and collaboratively with key industry partners, such as Network Rail to find solutions which ensured that service provision remained at the right level.

During the year, the directors sought to ensure a supportive culture where the workforce was able to raise any concerns. The Company's Code of Conduct facilitated the understanding and embodiment of behaviours that aligned colleagues with the culture as set by the Board. Policies were also in place in relation to corruption, fraud and bribery. Additionally, the Board kept under review any conflict or potential conflict of interest situations authorised by the Board.

The Group has strong values. The behaviours which contributed to the failings in relation to the management of the Company's franchise with the DfT did not reflect the values that the directors of the Group or Company expected from colleagues, nor did they meet the expected standards of conduct and governance. For further information on the Company's interactions with the DfT, matters of concern, profit share, affiliate trading and Railways Act 1993 penalty notice, please see page 4 of the Company's Annual Report and Financial Statements for the year ended 3 July 2021. As noted above, the primary focus of the Board is now the transfer of trade assets and liabilities to the OLR, collection of outstanding debts and settling remaining liabilities from its previous business activities. For further information, please see page 7 of the Company's Annual Report and Financial Statements for the year ended 3 July 2021.

During the year, the Board approved the Company's modern slavery statement (available on the Group's website). The Board also considered the data, and narrative, relevant to the Company's Gender Pay Reporting in preparation for external publication, including proposed improvement plans to enhance performance.

### ***Section 172(1)(b) - the interest of the company's employees***

During the year, the directors appreciated the importance of the Company's employees to the business. The Company was certified to a Gold standard by Investors in People, an important external validation of the Company's policies and performance in leading, supporting and managing employees well for sustainable results.

Safeguarding the health and wellbeing of the Company's employees (and other stakeholders) was a priority for the Board. During the year, the precautionary measures introduced in 2020 (and disclosed in our 2020 annual report and financial statements) were built upon in order to meet the challenging demands brought by COVID-19. For example, during the year, driver training bubbles were implemented with regular COVID-19 testing as was widespread workplace COVID-19 testing. Flexible working was also enabled for those with parental or carer responsibilities.

To ensure our colleagues' voices are heard, the Company regularly communicates to its employees through a range of channels including through digital, print and interactive channels. For further details of how the Company regularly engages with its workforce, please refer to Principle 6 in the Corporate Governance Report on pages 13 to 15 of this document.

During the year, the Company sought to be an employer of choice and sought to provide market competitive remuneration and comprehensive benefit packages as well as recognising and rewarding colleagues for their contribution and commitment. In response to the economic impacts of COVID-19, the government announced a public sector pay freeze for 2021/22. As the Company was operating under an EMA during the year, it was also subject to that pay freeze. Please refer to Principle 5 in the Corporate Governance Report on page 12 of this document for further details on remuneration.

The Company's workforce was represented by trade unions and employee representatives, and the Board sought to foster positive working relationships with them. This was vital as the COVID-19 pandemic progressed and the Company continued to work alongside trade unions to keep colleagues informed and up to date on all government changes and safe working practices such as, for instance, driver training bubbles as mentioned above.

During the year, the Company aimed to build an inclusive and diverse workforce. A diversity and inclusion strategy was implemented which aimed to build and maintain a culture where everyone could come to work, feel safe and comfortable to be themselves and able to do everything to the best of their ability. Through inclusive engagement, we sought to empower our people to express their individuality and realise their full potential by ensuring every colleague had access to learn and develop. We continued to see the positive impact our inclusion and diversity initiatives on our workforce, with our graduate and apprenticeship schemes notably bringing increased diversity across the business.

The Company supported cross industry initiatives such as the Women in Rail mentoring programme and the Never Mind the Gap training and work placements to support women at pivotal points in their career and help get more women into Rail. We continued to work with our Colleague Network Groups to increase awareness of issues and challenges for underrepresented groups, providing feedback that drives positive change and positive action. Led by our WIRE group (support and inclusion for women), Southeastern was the first operator to provide menopause awareness training for more than 100

people across the business and embarked on a workplace initiative to trial free period products for colleagues.

On 17 October 2021 the Company's workforce transferred to the OLR under Transfer of Undertakings (Protection of Employment) ("TUPE") law. Following this transfer the Company has no employees.

***Section 172(1)(c) - the need to foster the company's business relationships with suppliers, customers and others***

During the year, and notwithstanding the failings in the relationship with the DfT, the Board regularly reviewed how the Company maintained positive relationships with its suppliers, customers and others.

Through our Sustainable Supply Charter, high standards of integrity, responsibility and professional conduct were demonstrated. We endeavoured to support our suppliers to improve the sustainability of their business. We also endeavoured to pay suppliers in line with the Prompt Payment Code and, when the reduction of supplier services was necessary during the COVID-19 pandemic, we applied a fair and structured process in line with the Company's Sustainable Supply Chain Charter where possible. Regular supplier engagement was key to maintaining good relations, and we communicated regularly with all suppliers to keep them abreast of key changes e.g. COVID-19 changes and Brexit planning, as well as routine tendering and contract variation discussions. In accordance with DfT policy, the Company also introduced rent payment holidays during the year for station retail tenants.

The directors considered customers to be at the heart of the business and the Board sought to provide them with safe, convenient and reliable services. During the year the industry paused the bi-annual Transport Focus customer satisfaction surveys normally conducted. The Company however commissioned regular customer surveys via an external agency, which closely follow the NRPS to gain insight into customers changing priorities and our performance against these. For example, "Seat Finder" was implemented which used a variety of data sources to forecast train loadings, so passengers could select less crowded trains to travel on. During the year, we had a punctuality score of 92.4%, one of the highest in the industry. Our customer satisfaction scores in February and March 2021 were 89% and 88% respectively.

Please refer to Principle 6 in the Corporate Governance Report on pages 13 to 15 of this document for further details on how we engaged with our suppliers, customers and others throughout the year and to page 7 of the of the Company's Annual Report and Financial Statements for the year ended 3 July 2021 for further details on the approach to an orderly demobilisation of the Company's business.

***Section 172(1)(d) – the impact of the company's operations on the community and environment***

During the year, as a public transport operator, the Company had far reaching impact on its customers, employees and the communities it served. The Company aimed to align its business values, purpose and strategy with the social, economic and environmental priorities of these stakeholders, and sought to apply responsible and ethical business policies and practices.

Trains are one of the greenest travel choices people can make and the Company worked hard to further reduce our environmental impact. A single train can carry over 1,000 people (where social distancing is not required), collectively taking thousands of cars off the road. The Company operated a 100% electric train fleet and the electricity used by those trains (except on HS1) was produced

without generating carbon dioxide emissions (CO<sub>2</sub>e). The Company's environment and energy plan formed part of our wider sustainability planning.

During the year, the Board recognised our role in the community. Rail is essential to the economic wellbeing of Kent, whether it be through providing travel for commuters, creating access, direct employment or through our spending in the community. We were active in our community in a range of social and economic ventures, including providing support to and collaborating with local charities, buying locally where we could, being active members of Visit Kent and working with local authorities to improve amenities and access, and to encourage greener travel.

For further information on the impact of the Company's operations on the community and environment, including engagement, please refer to Principle 6 in the Corporate Governance Report on pages 13 to 15 of this document.

***Section 172(1)(f) – the need to act fairly as between members of the company***

The Company is owned 100% by Govia Limited. Govia Limited is a joint venture between Keolis (UK) Limited (35%) and the Group (65%). The Company's ultimate parent company and controlling party is the Group. As mentioned above, the Company operates in accordance with the Govia Limited Revised Shareholders Agreement and Side Letter dated 3 August 2005 (the Govia Agreement).

The Group operates a devolved operating model. During the year the Company was operated as an autonomous business unit with oversight from the Company's board of directors, which included the Group's executive directors and Keolis UK directors. The Board met on a monthly basis to scrutinise and challenge the local management team's execution of strategy. These more formal meetings were supported by several cross-business forums (such as safety, IT, engineering, HR, diversity and inclusion, commercial, operations and finance) that served to facilitate the sharing of knowledge, ideas and best practice. This approach encouraged the right balance between local and Group initiatives and facilitated fair discussion and decision-making. It also ensured that we delivered more operating collectively than had we done so independently.

For details of how the Company engaged with the Group, please refer to Principle 6 in the Corporate Governance Report on pages 13 to 15 of this document.



## **Corporate Governance Report**

For the year ended 3 July 2021, under The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by The Companies (Miscellaneous Reporting) Regulations 2018), the Company applied the Wates Corporate Governance Principles for Large Private Companies (published by the Financial Reporting Council (FRC) in December 2018 and available on the FRC website.

Information on how the Company has applied the Principles over the past year throughout our work is set out below.

### **Principle 1 – Purpose and Leadership**

On 28 September 2021, the DfT announced its decision to appoint the OLR to take over the delivery of passenger services on the Southeastern franchise when the Company's existing contract expired on 17 October 2021. The DfT's decision not to award a National Rail Contract to the Company was a consequence of discussions with the DfT regarding the calculation of profit share payments under the terms of the relevant franchise agreements and the treatment of certain overpayments made by the DfT to the Company over the course of the franchise agreements.

As noted in the Business Review, the Independent Committee concluded that, notwithstanding the complexity of the Company's franchise agreements, serious errors have been made in related to the Southeastern franchise compliance. The behaviours which contributed to the failings in relation to the management of the Southeastern franchise agreements with the DfT do not reflect the values that the Company expects of its colleagues, nor do they meet the high standards of conduct and governance set and expected.

As a result of the DfT announcement on 28 September 2021 a Steering Committee was established, consisting of representatives of the shareholders of Govia Limited along with other expertise from the Group, to monitor and control the Company's remaining activities from 17 October 2021 onwards following changes to Board and Executive team members. The Steering Committee's role is to oversee the demobilisation activities of the Company including the transfer of assets and liabilities to the OLR collection of outstanding debts and settling remaining liabilities.

In addition, the Group has extended the remit of the scope of Group Internal Audit to include oversight of compliance with contractual obligations and commercial terms, including the Company's remaining contractual obligations.

During the year, whilst the Company did not have a defined purpose statement, this was articulated by its combined vision and mission. The Company was focused on the communities it served and its effective and longstanding partnerships with local user groups, commuter associations, local authorities and elected representatives.

The Company's vision was to deliver 'our best ever passenger experience' and its mission was to achieve '85% customer satisfaction and 80% colleague satisfaction', the latter having been impacted by COVID-19. This vision and mission were distilled into a set of values (we care passionately about our people and passengers; we make the difference together; and we aim to be the best) which were developed collaboratively with colleagues through a series of workshops and consultations. The Company developed several behavioural frameworks aligned to the organisation's structure with the Company's vision and mission sitting at the heart of each framework.

The Company developed a Strategic Plan which clearly articulated the Company's strategic objectives and included roadmaps setting out action plans for achieving those objectives and the key performance indicators used to measure attainment. The core objectives centred on safety, passengers, performance, people, reputation and financial and contractual commitments. During the COVID-19 pandemic, the Company's strategy continued to be a three phased approach; Respond; Recover and Come back stronger.

The Company's vision, mission, values and behavioural frameworks were all aligned to its strategic objectives and embedded and integrated throughout the employee life cycle through recruitment, induction, training, internal communications, performance development reviews, annual colleague engagement surveys and HR policies and procedures. Periodic pulse surveys, the Investors in People accreditation process and initiatives such as the Extra Mile recognition scheme which were directly aligned to the Company's values and behaviours provided useful measures of how the Company's people brought the value of its culture to life in their day-to-day roles.

Customer satisfaction was tracked through external / independent and internal surveys with customer feedback and sentiment being monitored through correspondence, social media and the press. The Company had an established People, Passengers and Reputation Board which met every four weeks to oversee cultural measures and indicators.

## **Principle 2 – Board Composition**

The board operates in accordance with the Govia Limited Revised Shareholders Agreement and Side Letter dated 3 August 2005.

During the year ended 3 July 2021, the Board comprised the Group Chief Executive and the Group Chief Financial Officer (the Group executive directors), the Company's Managing Director, the Company's Finance Director and the Group Managing Director of Business Development (together the Go-Ahead directors) and two Keolis directors.

Following the year end, Elodie Brian resigned as Group Chief Financial Officer and director of the Company with effect from 27 September 2021. She was replaced in this role by Gordon Boyd who was appointed as Interim Group Chief Financial Officer and director of the Company with effect from, and including, 28 September 2021 up to and including 28 March 2022 when he resigned. David Brown retired as Group Chief Executive and director of the Company with effect from 5 November 2021 and was succeeded in these roles by Christian Schreyer with effect from the same date. Felix Beeson resigned as the Company's Finance Director with effect from 12 October 2021 and David Statham resigned as the Company's Managing Director with effect from 22 October 2021.

All Go-Ahead directors on the Board during the year were full time employees of either The Go-Ahead Group plc (the Group) or the Company. The Chairman (the Group Chief Executive) led the Board and promoted a culture of open and constructive debate. This role was separate to that of the Company's Managing Director who was empowered to operate the business autonomously with the support of the rest of the Board.

During the year, the Board met on a monthly basis to scrutinise and challenge management's execution of strategy. The Group and Keolis UK directors brought a range of perspectives from different businesses and geographies to Board discussions. The Train Services Director attended Board meetings monthly and other members of the Company's Executive Team attended on rotation by invitation for deep dive exercises.

With the ever-evolving regulatory landscape in which the Company operated during the year, it was critical, notwithstanding the issues mentioned above, that the Board maintained a good working knowledge of the transport sector and how the Company operated within its sector, as well as being aware of recent and upcoming developments in the wider legal and regulatory environment. To assist the Board in undertaking its responsibilities, regular presentations were provided from senior management. Where required, support was also provided from Group Company Secretariat. Examples of director training that took place during the year included Equality, Diversity and Inclusion training including unconscious bias and Assisted Travel Plan Training. The Company also provided training on the Competition Act, Anti Bribery and Corruption Act, Data Protection and Modern Slavery on a regular basis. The Company also released a package of Information Security training on its online learning platform focussed on the risk of phishing attacks.

Whilst a formal Board evaluation did not take place, the Group executive directors' individual effectiveness was assessed as part of the Group Board's wider annual review. The individual effectiveness of the Group Managing Director of Bus Development, the Company's Managing Director and Finance Director was assessed by formal appraisal interviews.

### **Principle 3 – Director Responsibilities**

The Board held eleven meetings during the year. All directors were expected, wherever possible, to attend all board meetings. The Board received regular and timely information (at least monthly) on the key business areas for each of the Company's Directorates: Safety, Finance, Train Services, Passenger Services, Commercial, HR and Communication and Publicity. This included a KPI and Period Report for each area as well as a cycle of deep dive presentations by function.

The Group Board reviews governance processes, including policies and procedures, on at least an annual basis to ensure that these remain fit for purpose and strengthen the governance of its operating companies. During the year, the Company complied with the Group Policies and Procedures Manual and reported its compliance to the Group on a self-certification basis. The governance processes also included an Operating Company Board Procedures Manual which set out formal procedures for the working of the Board, delegated authorities, the timely provision of appropriate information and the duties and responsibilities of directors, including standards of conduct and compliance. The Company's HR policy set out, amongst other things, policies on code of conduct, conflicts of interests and public interest disclosure.

During the year, the Company's Board had established procedures for ensuring that its power to authorise conflicts of interest is operated in accordance with the Companies Act 2006, with all directors being required to make the Board aware of any other commitments and actual/potential conflicts of interest that could interfere with their ability to act in the best interests of the company. Authorisations given by the Board were for an indefinite period, with the Board retaining the power to vary or terminate the authorisation at any time.

### **Principle 4 – Opportunity and Risk**

Risk appetite is set at Group level and is monitored in aggregate for operating companies. Risk tolerance is advised to operating companies and is included in the Group's annual report.

During the year, the assessment of key principal and emerging risks was embedded within the day to day operations of the Company. Such assessments were consolidated and reviewed as part of Board reporting as well as being reported to the Group twice a year in accordance with full year and half

year results reporting. As part of this reporting process, risk reports were completed which outlined the key principal and emerging risks facing the company, provided an explanation of the procedures in place to mitigate and manage such risks and prioritise the most important risks from both an inherent and residual perspective. These reports were then discussed with the Group executive directors at bi-annual risk board meetings with discussion focused on the most important risk and control areas within the business. Following such meetings, the Group executive directors reported to the Group audit committee with final approval being granted by the Group Board for key risks that could have a material impact on the Group performance, strategy or business model.

A summary of the Company's key principal risks and mitigations during the year are outlined on pages 8 to 10 of the strategic report of the Company's Annual Report and Financial Statements for the year ended 3 July 2021.

### **Principle 5 – Remuneration**

During the year, remuneration arrangements were based on the principles that reward should be sufficient to attract and retain high calibre directors, senior management and the wider workforce.

For the Company's Managing Director and Finance Director, remuneration was determined by the Group Board in line with the Group's Senior Management Remuneration Policy. Remuneration was structured to support both the financial objectives and the strategic priorities of the Group in a manner which was aligned with shareholders' and stakeholders' long-term interests. The Group executive directors and Group Managing Director of Business Development were remunerated by the Group. The remuneration of the Company's Managing Director and Finance Director during the year is disclosed on page 51 (note 7). For further details of the remuneration policy which applied to the Group executive directors together with details of the remuneration paid to them in the 2021 financial year, please see pages 108 to 142 of the Group's Annual Report and Accounts.

Prior to November 2020, remuneration for senior management and administrative roles was recommended by HR and submitted to the Board for their approval. Remuneration for the wider workforce such as, for instance, drivers and engineers was guided by the Company's Management and Admin Pay Setting Principles Policy. This Policy was reviewed by the Board on an annual basis as part of an agreed collective bargaining procedure agreement. In line with this Policy, remuneration recommendations were put forward to the Board for their endorsement, considerations of which would take into account several factors such as the Company's ability to pay, individual responsibility, market, economic climate and franchise obligations. Salaries, benefits, pensions and other elements of remuneration were benchmarked regularly to ensure they remained competitive in the markets in which the Company operated. When carrying out such exercises, the Company engaged external remuneration consultants and accessed salary surveys from XPert HR. In addition, DfT approval was required for all pay increases, bonus payments and discretionary benefits.

Post November 2020, following the government's announcement of a public sector pay freeze in November 2020, the Company operated a mandated pay freeze for rail workers and suspended bonus payments and most discretionary benefits.

During the year, the Board considered the data, and narrative, relevant to the Company's Gender Pay Reporting in preparation for external publication, including proposed improvement plans to enhance performance. This included changes made to the Company's recruitment process to attract more applicants, supporting network groups and addressing unconscious bias.

## **Principle 6 – Stakeholders**

During the year, the Company's key stakeholders included the Group, workforce, customers, government and local authorities, strategic partners and suppliers, communities and a wide range of regulators, associations and administrative bodies. An established reporting process was in place, where the Company was required to report formally to the Group Board on what engagement had taken place with its key stakeholders and the outcome of such engagement. Further detail regarding the inadequate quality of engagement with the DfT is on pages 3 to 4 of the Company's Annual Report and Financial Statements for the year ended 3 July 2021.

### ***The Go-Ahead Group plc (the Group)***

The Group is the Company's ultimate parent. Effective communication and proactive engagement with the Group is paramount in establishing a mutual understanding of both the Company's and the Group's wider objectives. The Group executive directors, who also sat on the Company's Board during the year, formed the primary communication route between the Company's Board and the Group Board. The process relied on a communication channel which facilitated effective open, transparent and two-way engagement, the feedback from which formed part of the Board's strategic discussions. During the year, outcomes of engagement with the Group included approval of the Company's annual three year corporate plan, approval of the sustainability plan and the future of finance programme.

### ***DfT***

Throughout the period of the EMA, the DfT had a significant interest in the financial and operational performance of the Company. Regular meetings were held with the DfT - weekly senior meetings, monthly Board and finance review meetings and liaison by the Company's contract management team. However, serious errors were made in regard to the quality of engagement with the DfT and further details are set out on pages 3 to 4 of the Company's Annual Report and Financial Statements for the year ended 3 July 2021.

After the year end, discussions with the DfT took place regarding the calculation of profit share payments under the terms of the relevant franchise agreements and the treatment of certain overpayments made by the DfT to the Company over the course of those agreements. Throughout the process, the Independent Committee has been focused on open, collaborative and constructive engagement with the DfT with a view to reaching a full and satisfactory settlement. For further information see pages 3 to 5 of the Company's Annual Report and Financial Statements for the year ended 3 July 2021.

### ***Workforce***

An engaged workforce is key to an organisation's success. During the year, the Company regularly communicated to its employees through a range of channels including internal communications (for example digital, print and interactive channels). Colleague and leadership forums; the People, Passenger and Reputation Board, colleague network groups and an area partnership programme were also some of the other channels that existed to enable colleagues to interact with senior management and have their say on the latest developments as well as share ideas. Regular employee pulse surveys were undertaken to allow colleagues to provide honest feedback about their experience working at the Company, the results of which provided a measure of colleague engagement and helped identify areas of improvement. For example, pulse surveys conducted during the year helped gain insight into colleagues concerns about safe working arrangements.

During the year, the Company worked collaboratively with trade unions, the focus being to maintain a trustful relationship and secure a mutual view of colleague engagement. A set of collective bargaining principles were developed and agreed with a clear framework in place that covered effective joint working at all levels within the business. This was further facilitated by the Joint Company Council which met three times during the year and was attended by the Company's Executive Team, representatives of the Company's managers forum and union representatives. The Company's relations with the Trade Unions have been positive and constructive resulting in minimal matters of conflict or industrial action for nearly two decades.

During the year, the Company had a formal whistleblowing policy in place which was accessible to all colleagues via the HR section of the Company's intranet and provided them with the opportunity to raise legitimate concerns about any form of wrongdoing in confidence, anonymously and with protection from retaliation. This year's annual review confirmed that the policy remained fit for purpose and enabled a good level of communication with colleagues at all levels of the business. There was also a range of other channels which provided a means for colleagues to raise concerns.

During the year, the Company actively engaged with the workforce on COVID-19 safety and wellbeing measures. This resulted in agreement on appropriate protective equipment, cleaning and testing regimes and flexible working arrangements.

### ***Customers***

Relationships with customers were built through passenger-facing colleagues, customer ambassadors and social media channels. These interactions enabled the Company to better understand the evolving needs of our customers. We conducted regular customer satisfaction surveys, which were analysed to gain insight into the drivers of satisfaction and to understand where to focus improvements. We also operated customer insight panels and run meet the manager sessions to gain further insight on our performance.

During the year, through our customer insight panels, we were able to identify customer priorities on cleanliness, social distancing and value for money. As a result, we frequently revised the timetable in response to changing demand, implemented enhanced station and train cleaning, introduced "Seat Finder" and reached agreement with DfT on flexible season tickets, offering better value to customers not commuting 5 days a week. An Accessibility Panel was implemented to gain insight into the needs of customers with assisted travel needs.

### ***Government and local authorities***

Working closely with both central and local government enabled us to contribute our private sector experience and expertise to the public agenda and produce better policy outcomes and service delivery. In addition to meetings, newsletters and email correspondence, effective two-way engagement was facilitated by parliamentary engagement events and the Company's representation at local council committee meetings.

In January 2021, following concerns raised to us by an MP, we allowed free parking at Sevenoaks Car Park for those using a local medical practice for their COVID-19 vaccination programme. In March 2021, following concerns from parents raised via the local rail user group and MP's office, we reinstated a service from Tonbridge to Charing Cross to ensure school children didn't have to wait half an hour for a connection at Otford.

### ***Strategic partners and suppliers***

During the year, we worked collaboratively with strategic partners, including Transport for London and Network Rail, and built strong relationships with core suppliers. Engagement took place in the form of contract review meetings to discuss supplier performance and areas of improvement as well as to identify risk and mitigating plans. Detailed tender processes were undertaken for high value goods/service requirements to ensure that business requirements were fulfilled, ensuring supply chain assurance and value for money.

In response to requests from DfT for closer collaboration with Network Rail, we established a Collaborative Opportunities Group with a clear remit to improve the customer offering, performance and value.

### ***Communities***

Public transport is critical to the functioning of society and has been fundamental in supporting communities through the COVID-19 crisis. During the year, the Company had various channels for facilitating effective two-way engagement with communities, an example of which was Stakeholder Forums taking place twice a year and being held virtually during the pandemic. These provided stakeholders with an exclusive update on the Company's network developments such as, for instance, capacity, and provided an opportunity for them to ask questions of both the Company and Network Rail.

During the year, the Company held a virtual Community Rail Conference with Community Rail Partnerships, the purpose of which was to share best practice on the Southeastern network.

More broadly, an independent agency was used to survey a random sample of around 80-100 stakeholders every year to gather their feedback on the Company's decisions, the service provided, and any issues of concerns to stakeholders. These were then presented to the Company's Executive Team and fed into our stakeholder engagement strategy for the following rail year.

In making decisions during the year, the Board considered how the Company's activities may impact both current and future stakeholders, which, for example, could include impacts on the environment. Further details are provided in our section 172(1) statement on pages 4 to 8 of this document.

### ***Regulators, associations and administrative bodies***

During the year, the Company had relationships and engaged with a wide range of regulators (Office of Rail and Road ("ORR"), Health and Safety Executive, Rail Safety Standards), associations (Rail Delivery Group ("RDG")) and administrative bodies (London Travel Watch, Transport Focus, Rail Users Consultative Committee, Rail Ombudsman and Rail User Groups). We engaged with regulators by participating in consultation exercises which, this year, included responding to the ORR on improving access to delay compensation and on rail replacement accessibility. During the year, the Company's Managing Director led the RDG work on fares, the Group Chief Financial Officer led the RDG traction electricity purchasing scheme, and the Company was represented at other RDG forums including Engineering and Human Resources.

During the year, our work on fare reform at RDG drove the implementation of flexible season tickets to deliver better value to passengers on flexible working arrangements.