

Brighton & Hove Bus and Coach Company Limited (the “Company”)

Metrobus is the trading name for the Brighton & Hove Bus Company's operations operated out of Crawley, West Sussex. The following Section 172(1) statement has been extracted from pages 7 to 11 of the Company's Annual Report and Financial Statements for the year ended 27 June 2020. All references to “Group” in this document mean The Go-Ahead Group plc (registered number 02100855).

Section 172 of the Companies Act 2006

This report sets out how 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 27 June 2020.

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 accountable for balancing the varying interests of the business, including those of its parent, colleagues, customers and the communities it serves.

The board comprises the Group Chief Executive and the Group Chief Financial Officer (the Group executive directors) and the local management team (Managing Director, Finance Director, Operational Director, Engineering Director and Commercial Director). All directors on the board are full time employees of either the Group or the operating company. This composition ensures that the board has the appropriate balance of skills, knowledge and experience.

The Chairman (the Group Chief Executive) leads the board and promotes a culture of open and constructive debate. This role is separate to that of the Managing Director who is empowered to operate the business autonomously with the support of the rest of the local management team.

Board meetings are held on a monthly basis with the Group executive directors in attendance who scrutinise and challenge the local management's team execution of strategy.

The board monitors the effectiveness of the Group's systems of internal control, governance and risk management. The Managing Director reports to the Group executive directors directly on day to day management issues including risk and is responsible for ensuring compliance with the Group's policies and procedures.

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 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 at every level of the business. Further details are set out in the following table:

Section 172	Compliance
<p>a) The likely consequence of any decision in the long-term; and e) The desirability of the company maintaining a reputation for high standards of business conduct.</p>	<p>At Brighton and Hove Buses and Metrobus, actively listening to and engaging effectively with our wide variety of stakeholders is key to ensuring responsible decisions are made. We appreciate the need to ensure that the decisions we take create value for all our stakeholders and support creation of long-term sustainable value so that, ultimately, we can continue to be a vital part of the communities we serve.</p> <p>The Group's devolved management operating model is a key feature of the board's decision-making process, with the Group executive directors acting as an intermediary and ensuring there is two-way feedback between the Group Board and Company Board. In line with this approach, the viability of a number of principal decisions (for example, acquisitions, disposals and major capital investments) will first be considered at our Company Board meetings. If approved, the Group executive directors will then submit a proposal to the Group Board. This process supports the board performing its duties in compliance with the matters set out in paragraphs a-f of section 172 of the Companies Act 2006.</p> <p>The board annually approves the three year corporate plan and monitors performance throughout the year using detailed reports on operating and financial performance. Through the regular review of key performance indicators and key strategic programmes, actions are formulated to mitigate any potential negative impact on the long-term success of the company, and leverage any new opportunities for growth.</p> <p>The directors take the reputation of the Company seriously which is not limited to only operational and financial performance. The strong reputation and positive stakeholder relationships we have developed over many years have never been more important than during the COVID-19 pandemic. We have worked closely and collaboratively with key industry partners and stakeholders to find solutions which ensure that service provision remains at the right level, government policy is brought into effect, and transport operators receive funding to enable essential services to be delivered. This has included working with the Department for Transport through our trade body the CPT, our local authority partners, transport and public health professionals and elected members, and other key stakeholders such as business partners, schools, colleges and universities, and organisations representing the needs and rights of disabled people.</p>

	<p>The directors are committed to the highest standards of ethical conduct, honesty and integrity in our business practices. The board seeks to have a workforce that more accurately reflects diversity of the communities we serve. During the year, we have seen the positive impact our inclusion and diversity initiatives can have, providing an inclusive environment to our workforce, with our dignity and respect partnership with Unite the Union working as a springboard for further progress, supported by our diversity and inclusion group.</p> <p>During the year, the board approved the Company's modern slavery statement (available on the Company'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.</p>
<p>b) The interest of the company's employees</p>	<p>The directors understand the importance of the Company's employees to the long-term success of the business.</p> <p>Safeguarding the health and wellbeing of the Company's employees (and other stakeholders) remains the main priority for the board with additional precautions having been taken over the past six months in response to the COVID-19 pandemic. Such actions have included adherence to government policies and guidelines and advice from WHO and other relevant advisory bodies. Also, enhanced cleaning regimes and social distancing measures; measures taken to minimise contact, such as implementing a no change policy which saw cash reduced to 6% of passenger boarding; provision of protective equipment for customers facing colleagues; customer information helping people to choose quieter services; working from home; increased levels of engagement with colleagues from front-line works to those furloughed; and greater access to enhanced mental health programmes and helplines including the creation of a company-wide colleague support network.</p> <p>The Company regularly communicates to its employees through internal media, newsletters and business updates, including weekly videos from the senior team and daily news feeds via our employee engagement app. An annual employee survey is undertaken to allow colleagues to provide honest feedback about their experience working at Brighton & Hove Buses and Metrobus, the results of which provide a measure of colleague engagement and help us identify areas of improvement. Weekly meetings with Unite the Union also provide a useful measure of colleague engagement.</p> <p>The Company's workforce is represented by trade unions and employee representatives and the board strive to foster positive working relationships with them. This has never been more vital than in recent months. Our Dignity and Respect Partnership with Unite the Union is as strong as ever, with outstanding levels of collaboration throughout the pandemic. This has helped to keep colleagues informed and up to date on all government changes and safe working practices. The Company places a premium on an inclusive and diverse workforce, enabling all colleagues to reach</p>

	<p>their full potential, to be empowered and engaged with a strong commitment to personal development.</p> <p>Being a fair and responsible employer offering competitive terms and conditions and ensuring colleagues are recognised and rewarded for their contribution and commitment remains fundamental to our business model. However, as the pandemic challenges increased, the magnificent positive and flexible response of our colleagues across the business has become more and more essential to sustain the business.</p> <p>Our priorities when the pandemic struck were; (i) protect our colleagues; (ii) to protect our customers and communities; and (iii) to protect our business.</p> <p>Diversity and inclusion remains very high on the board's agenda. During the year, progress was made on Hate Crime with the community, statements responding to the Black Lives Matter movement and a commitment to a new programme of work in this field of equalities. Further work was also carried out on disabilities within the Company formally becoming a Disability Confident Employer within the Department for Work and Pensions scheme. We were also amongst the first transport operators to apply for highest level of accreditation within the Department for Transport Inclusive Transport Leaders scheme.</p>
<p>c) The need to foster the company's business relationships with suppliers, customers and others.</p>	<p>The board regularly reviews how the Company maintains positive relationships with all of its stakeholders, including suppliers, customers and others.</p> <p>The directors understand the importance of the Company's supply chain in delivering the long-term plans of both the Company and the Group. Through our Sustainable Supply Charter, we demonstrate high standards of integrity, responsibility and professional conduct. We endeavour to support our suppliers to improve the sustainability of their business. During the COVID-19 pandemic, we have taken active steps to safeguard our essential supply chain, continuing to pay suppliers in line with the Prompt Payment Code and applying a fair and structured process when the reduction of supplier services has been necessary, in line with the Company's Sustainable Supply Chain Charter.</p> <p>Customers are at the heart of the business and the board is dedicated to providing them with safe, convenient and reliable services. Customer satisfaction is a strong indicator of how well we are meeting customers' needs and the directors monitor this through annual surveys conducted by the independent watchdog, Transport Focus. We build relationships with our customers through our passenger-facing colleagues, customer ambassadors, e-newsletters and social media channels. We also work regularly with the passenger representative group, Buswatch, as well as disabled peoples groups and minority community representatives. Our customers' needs are constantly evolving, and these interactions enable us to better understand the needs of our passengers and where to focus improvements.</p>

<p>d) The impact of the company's operations on the community and environment.</p>	<p>As a public transport operator, the Company has far reaching impact on the Group (as its ultimate parent company) as well as its customers, employees, regulators and the communities it serves. The Company aims to align its business values, purpose and strategy with the social, economic and environmental needs of its stakeholders, embedding responsible and ethical business policies and practices in everything it does.</p> <p>Before the COVID-19 restrictions, the Company participated in the Group-wide Chatty-Bus programme which is designed to combat loneliness. This will be started again when circumstances allow.</p> <p>Excellent progress was made this year on air quality and carbon reduction as 30 zero-in-the-zone emissions buses arrived and with another 24 arriving this autumn. Exciting opportunities to move into hydrogen also drew closer through the culmination of work with several public sector agencies including the European JIVE 2 project. Our overall carbon footprint reduced during the year by 16% through improved miles per gallon, new technologies in our fleet and reductions in energy usage in our premises.</p>
<p>f) The need to act fairly as between members of the company.</p>	<p>The Company is owned 100% by Go-Ahead Holding Limited. However, the Company's ultimate parent company and controlling party is the Group.</p> <p>The Group operates a devolved operating model. Whilst day-to-day management of the Group's activities, governance and oversight has been delegated to the Group executive directors, the directors of the Company both individually and collectively support them in this role and the Company is operated as an autonomous business unit. Board meetings are held on a monthly basis with the Group executive directors in attendance who scrutinise and challenge the local management's team execution of strategy. These more formal meetings are supported by several cross-business forums (such as health and safety, engineering, HR and diversity and inclusion) that serve to facilitate the sharing of knowledge, ideas and best practice. This approach encourages the right balance between local and Group initiatives and facilitates fair discussion and decision-making. It also ensures that we deliver more operating collectively than we would independently.</p>